

# NEW MEXICO

## Taxation and Revenue Department

P.O. Box 25128 ● Santa Fe, New Mexico 87504-5128 ● 505-827-0700

TRD website <http://www.tax.state.nm.us/>

### CRS-1 FILER'S KIT

For Reporting Gross Receipts, Withholding, and Compensating Taxes

July through December 2008

## MAIL TO:

## Contents

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in order of appearance

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\* Also available on TRD website  
<http://www.tax.state.nm.us/>

### GROSS RECEIPTS TAX RATE CHANGES EFFECTIVE JULY, 2008

The gross receipts tax rate will increase in the municipalities of Alamogordo and Tularosa (Otero County), Artesia (Eddy County), Corrales, Cuba and Rio Rancho (Sandoval County), Gallup (McKinley County), Peralta (Valencia County), Hatch, Las Cruces, Mesilla and Sunland Park (Dona Ana County), and Espanola (Rio Arriba & Santa Fe Counties). The gross receipts tax rate will also increase for Espanola/Santa Clara Grant (Rio Arriba and Santa Fe Counties).

The gross receipts tax rate in Albuquerque and Mesa Del Sol TID District 1 (Bernalillo County) was decreased.

The gross receipts tax rate will increase in the Dona Ana County.

Please refer to the *Gross Receipts Tax Rate Schedule* included in this CRS-1 Filer's Kit for a listing of the gross receipts tax rates for July through December 2008.

### LOCATION CODE CHANGES

New location codes are added for 9 districts in the Upper Petroglyphs Tax Increment Development (TID) located in Bernalillo County.

Two location codes previously assigned to the Mesa Del Sol TID, also located in Bernalillo County, have been consolidated into one. Taxpayers with a business location in District 1 of the Mesa Del Sol TID should report their receipts to location code 02-606.

### TRD OFFERS NEW ONLINE SERVICES FOR CRS TAXPAYERS

The Taxation and Revenue Department's new Taxpayer Access Point (TAP) expands the online services available to CRS taxpayers. A link to "Taxpayer Access Point (TAP)" is included in the "Resources" menu on the home page of our web site at [www.tax.state.nm.us](http://www.tax.state.nm.us). CRS taxpayers may use TAP to register for a CRS identification number. CRS, CIT and PIT taxpayers can use TAP to check the status of their New Mexico gross receipts, withholding and compensating tax accounts, corporate income tax and personal income tax accounts; make a payment; change an address or check the status of their tax refunds.

CRS taxpayers who have filed at least one paper CRS-1 Form may file electronically through CRS-Net, which also is on the "Resources" menu on the home page. Alternatively, taxpayers may file CRS-1 Forms through the new NMWebFile option, which is available at <https://efile.state.nm.us/uls/default.aspx>. NMWebFile features e-check payment capability, interactive online data entry for single reports, a bulk filing option for filing multiple client returns in one file, Schema Library with information for building a bulk file and, soon, credit card payments.

**TO OPEN: FOLD AND TEAR ALONG THE PERFORATION**

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## DUE DATES FOR REPORTING AND PAYING CRS TAXES




### July through December 2008




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CRS taxes must be paid on or before the due dates indicated on the calendar. **Taxpayers whose average monthly tax liability for a calendar year is \$25,000 or more must pay by Special Payment Method and their payment dates will be earlier than those indicated on this calendar.** For details on Special Payment Methods, order FYI-401 from your local district tax office (see below) or view it online: [www.state.nm.us/tax](http://www.state.nm.us/tax)

#### Legend:

-  Due date (postmark date) for monthly filers.
-  Due date for monthly and quarterly filers.
-  Due date for monthly, quarterly and semi-annual filers.

JULY							AUGUST							SEPTEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2		1	2	3	4	5	6
6	7	8	9	10	11	12	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24		26	17	18	19	20	21	22	23	21	22	23	24		26	27
27	28	29	30	31			24		26	27	28	29	30	28	29	30				
							31													

OCTOBER							NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4							1		1	2	3	4	5	6
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25		27
26		28	29	30	31		23	24		26	27	28	29	28	29	30	31			
							30													

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**Local Taxation and Revenue Department Offices:** If you have questions or require additional information, you may contact your local Taxation and Revenue Department Office.

#### ALBUQUERQUE:

Taxation & Revenue Department  
Bank of the West Building  
5301 Central Ave., NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485  
Telephone: (505) 841-6200

#### FARMINGTON:

Taxation & Revenue Department  
3501 E. Main Street  
P.O. Box 479  
Farmington, NM 87499-0479  
Telephone: (505) 325-5049

#### ROSWELL:

Taxation & Revenue Department  
400 N. Pennsylvania Ave., Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557  
Telephone: (575) 624-6065

#### ALAMOGORDO:

Taxation & Revenue Department  
Telephone: (575) 437-2322  
(Calls transfer to Las Cruces Office)

#### HOBBS:

Taxation & Revenue Department  
Telephone: (575) 393-0163  
(Calls transfer to Roswell Office)

#### SANTA FE:

Taxation & Revenue Department  
1200 South St. Francis Drive  
P.O. Box 5374  
Santa Fe, NM 87502-5374  
Telephone: (505) 827-0951

#### CARLSBAD:

Taxation & Revenue Department  
Telephone: (575) 885-5616  
(Calls transfer to Roswell Office)

#### LAS CRUCES:

Taxation & Revenue Department  
2540 El Paseo, Bldg. #2  
P.O. Box 607  
Las Cruces, NM 88004-0607  
Telephone: (575) 524-6225

#### SILVER CITY:

Taxation & Revenue Department  
Telephone: (575) 388-4403  
(Calls transfer to Las Cruces Office)

#### CLOVIS:

Taxation & Revenue Department  
Telephone: (575) 763-5515  
(Calls transfer to Roswell Office)

# REVISED

## GROSS RECEIPTS TAX RATE SCHEDULE

Effective July 1, 2008 through December 31, 2008

Municipality or County	Location Code	Rate
BERNALILLO		
Albuquerque*	02-100	6.750%
Laguna Pueblo (1)	02-951	5.8125%
Laguna Pueblo (2)	02-952	5.8125%
Los Ranchos de Albuquerque	02-200	6.8125%
Mesa Del Sol TID District 1*	02-606	6.750%
Rio Rancho (Bernalillo)	02-647	7.125%
Sandia Pueblo (1)	02-901	5.8125%
Sandia Pueblo (2)	02-902	5.8125%
State Fairgrounds	02-555	5.8125%
Tijeras	02-318	6.6875%
Upper Petroglyphs TID District 1*	02-607	5.8125%
Upper Petroglyphs TID District 2*	02-608	5.8125%
Upper Petroglyphs TID District 3*	02-609	5.8125%
Upper Petroglyphs TID District 4*	02-610	5.8125%
Upper Petroglyphs TID District 5*	02-611	5.8125%
Upper Petroglyphs TID District 6*	02-612	5.8125%
Upper Petroglyphs TID District 7*	02-613	5.8125%
Upper Petroglyphs TID District 8*	02-614	5.8125%
Upper Petroglyphs TID District 9*	02-615	5.8125%
Remainder of County	02-002	5.8125%
CATRON		
Reserve	28-130	6.5625%
Remainder of County	28-028	5.125%
CHAVES		
Dexter	04-201	6.8125%
Hagerman	04-300	7.00%
Lake Arthur	04-400	6.3125%
Roswell	04-101	7.00%
Remainder of County	04-004	5.9375%
CIBOLA		
Grants	33-227	7.625%
Milan	33-131	7.50%
Laguna Pueblo (1)	33-901	6.5625%
Laguna Pueblo (2)	33-902	6.5625%
Remainder of County	33-033	6.5625%
COLFAX		
Angel Fire	09-600	7.0625%
Cimarron	09-401	6.6875%
Eagle Nest	09-509	6.8125%
Maxwell	09-202	5.75%
Raton	09-102	7.8125%
Springer	09-301	6.6875%
Remainder of County	09-009	5.625%
CURRY		
Clovis	05-103	7.4375%
Clovis Airport	05-154	5.75%
Grady	05-203	6.5625%
Melrose	05-402	7.125%
Texico	05-302	7.1875%
Remainder of County	05-005	5.75%
DEBACA		
Fort Sumner	27-104	7.00%
Remainder of County	27-027	5.9375%
DONA ANA		
Hatch	07-204	7.00%
Las Cruces	07-105	7.125%
Mesilla	07-303	7.375%
Sunland Park	07-416	7.00%
Remainder of County	07-007	5.9375%
EDDY		
Artesia*	03-205	7.0625%
Carlsbad	03-106	6.8125%
Hope	03-304	6.50%
Loving	03-403	6.6875%
Remainder of County	03-003	5.625%

Municipality or County	Location Code	Rate
GRANT		
Bayard	08-206	7.125%
Hurley	08-404	7.125%
Santa Clara	08-305	7.125%
Silver City	08-107	7.25%
Remainder of County	08-008	6.0625%
GUADALUPE		
Santa Rosa	24-108	7.875%
Vaughn	24-207	7.375%
Remainder of County	24-024	6.3125%
HARDING		
Mosquero (Harding)	31-208	6.375%
Roy	31-109	6.75%
Remainder of County	31-031	5.5625%
HIDALGO		
Lordsburg	23-110	7.25%
Viriden	23-209	6.4375%
Remainder of County	23-023	5.8125%
LEA		
Eunice	06-210	6.6875%
Hobbs	06-111	6.6875%
Jal	06-306	6.6875%
Lovington	06-405	6.625%
Lovington Indus. Park	06-158	5.375%
Tatum	06-500	6.6875%
Remainder of County	06-006	5.375%
LINCOLN		
Capitan	26-211	6.6875%
Carrizozo	26-307	6.75%
Corona	26-406	6.8125%
Ruidoso	26-112	7.8125%
Ruidoso Downs	26-501	6.8125%
Remainder of County	26-026	5.375%
LOS ALAMOS		
City and County	32-032	7.0625%
LUNA		
Columbus	19-212	7.4375%
Deming	19-113	7.375%
Deming Indus. Park	19-155	6.375%
Remainder of County	19-019	6.375%
McKINLEY		
Gallup*	13-114	7.9375%
Remainder of County	13-013	6.625%
MORA		
Wagon Mound	30-115	6.8125%
Remainder of County	30-030	5.8125%
OTERO		
Alamogordo*	15-116	7.50%
Cloudcroft	15-213	7.00%
Tularosa*	15-308	7.25%
Remainder of County	15-015	5.8125%
QUAY		
House	10-407	7.625%
Logan	10-309	8.00%
San Jon	10-214	8.00%
Tucumcari	10-117	8.00%
Remainder of County	10-010	6.3125%

STATE GROSS RECEIPTS TAX RATE = 5.00%  
COMPENSATING TAX RATE = 5.00 %

Location Code

Leased Vehicle Gross Receipts Tax - 5.00% ..... 44-444  
Leased Vehicle Surcharge - \$2.00/day/vehicle ..... 44-455  
Governmental Gross Receipts Tax - 5.00% ..... 55-055  
Out-of-State Business (R&D Services) - 5.00% ..... 77-777  
Out-of-State Business (All Other) - 5.00% ..... 88-888

(1) Sales to tribal entities or members	* Indicates rate changes due to enactment or expiration of local option taxes.
(2) Sales to tribal non-members by tribal non-members	** Businesses located on Santa Clara land within the city limits of Espanola.

# REVISED

## GROSS RECEIPTS TAX RATE SCHEDULE

Effective July 1, 2008 through December 31, 2008

Municipality or County	Location Code	Rate
RIO ARRIBA		
Chama	17-118	7.25%
Espanola (Rio Arriba)*	17-215	7.750%
Espanola/Santa Clara Grant (1)**	17-903	7.750%
Espanola/Santa Clara Grant (2)**	17-904	7.750%
Jicarilla Apache Nation (1)	17-931	6.0625%
Jicarilla Apache Nation (2)	17-932	6.0625%
Santa Clara Pueblo (1)	17-901	6.0625%
Santa Clara Pueblo (2)	17-902	6.0625%
Remainder of County	17-017	6.0625%
ROOSEVELT		
Causey	11-408	6.5625%
Dora	11-310	6.8125%
Elida	11-216	7.375%
Floyd	11-502	6.5625%
Portales	11-119	7.625%
Remainder of County	11-011	6.0625%
SANDOVAL		
Bernalillo (City)	29-120	6.8125%
Corrales (Sandoval)*	29-504	6.8750%
Cuba*	29-311	7.5625%
Jicarilla Apache Nation (1)	29-931	6.00%
Jicarilla Apache Nation (2)	29-932	6.00%
Laguna Pueblo (1)	29-921	6.00%
Laguna Pueblo (2)	29-922	6.00%
Jemez Springs	29-217	6.6875%
Pueblo de Cochiti (1)	29-971	6.00%
Pueblo de Cochiti (2)	29-972	6.00%
Rio Rancho (Sandoval)*	29-524	6.9375%
San Ysidro	29-409	6.50%
Sandia Pueblo (1)	29-911	6.00%
Sandia Pueblo (2)	29-912	6.00%
Santa Ana Pueblo (1)	29-951	6.00%
Santa Ana Pueblo (2)	29-952	6.00%
Santo Domingo Pueblo (1)	29-973	6.00%
Santo Domingo Pueblo (2)	29-974	6.00%
Remainder of County	29-029	6.00%
SAN JUAN		
Aztec	16-218	7.6250%
Bloomfield	16-312	7.5625%
Farmington	16-121	7.00%
Valley Water and Sanitation District	16-321	6.4375%
Remainder of County	16-016	6.1875%
SAN MIGUEL		
Las Vegas	12-122	7.6875%
Mosquero (San Miguel)	12-418	6.9375%
Pecos	12-313	7.3125%
Remainder of County	12-012	6.375%
SANTA FE		
Edgewood	01-320	7.625%
Espanola (Santa Fe)*	01-226	8.1875%
Espanola/Santa Clara Grant (1)**	01-903	8.1875%
Espanola/Santa Clara Grant (2)**	01-904	8.1875%
Nambe Pueblo (1)	01-951	6.625%
Nambe Pueblo (2)	01-952	6.625%
Pojoaque Pueblo (1)	01-961	6.625%
Pojoaque Pueblo (2)	01-962	6.625%
Pueblo de Cochiti (1)	01-971	6.625%
Pueblo de Cochiti (2)	01-972	6.625%
Santa Clara Pueblo(1)	01-901	6.625%
Santa Clara Pueblo(2)	01-902	6.625%
Santo Domingo Pueblo (1)	01-973	6.625%
Santo Domingo Pueblo (2)	01-974	6.625%
Santa Fe (city)	01-123	7.9375%
Remainder of County	01-001	6.625%

Municipality or County	Location Code	Rate
SIERRA		
Elephant Butte	21-319	6.875%
Truth or Consequences	21-124	7.25%
Truth or Consequences Airport	21-164	5.9375%
Williamsburg	21-220	7.1875%
Remainder of County	21-021	5.9375%
SOCORRO		
Magdalena	25-221	6.75%
Socorro (city)	25-125	6.875%
Socorro Indus. Park	25-162	5.8125%
Remainder of County	25-025	5.8125%
TAOS		
El Prado Water and Sanitation District	20-415	7.125%
El Valle de Los Ranchos Water & Sanitation District	20-419	7.125%
Questa	20-222	7.9375%
Questa Airport	20-160	6.875%
Red River	20-317	8.1875%
Taos (city)	20-126	7.9375%
Taos Airport	20-163	6.875%
Taos Ski Valley	20-414	8.4375%
Remainder of County	20-020	6.875%
TORRANCE		
Encino	22-410	6.9375%
Estancia	22-503	7.4375%
Moriarty	22-223	7.3125%
Moriarty Airport	22-159	6.375%
Mountainair	22-127	7.3125%
Willard	22-314	7.1875%
Remainder of County	22-022	6.375%
UNION		
Clayton	18-128	7.75%
Des Moines	18-224	7.375%
Folsom	18-411	7.375%
Grenville	18-315	7.375%
Remainder of County	18-018	5.9375%
VALENCIA		
Belen	14-129	7.1875%
Alexander Airport	14-152	6.00%
Bosque Farms	14-505	7.0625%
Laguna Pueblo (1)	14-901	6.00%
Laguna Pueblo (2)	14-902	6.00%
Los Lunas	14-316	7.1875%
Peralta*	14-412	7.0625%
Remainder of County	14-014	6.00%

STATE GROSS RECEIPTS TAX RATE = 5.00%  
COMPENSATING TAX RATE = 5.00 %

Location Code

Leased Vehicle Gross Receipts Tax - 5.00% . . . . .

44-444

Leased Vehicle Surcharge - \$2.00/day/vehicle . . . . .

44-455

Governmental Gross Receipts Tax - 5.00%. . . . .

55-055

Out-of-State Business (R&D Services) - 5.00% . . . . .

77-777

Out-of-State Business (All Other) - 5.00% . . . . .

88-888

\* Indicates rate changes due to enactment or expiration of local option taxes.  
\*\* Businesses located on Santa Clara land within the city limits of Espanola.

(1) Sales to tribal entities or members  
(2) Sales to tribal non-members by tribal non-members

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# New Mexico Taxpayer Bill of Rights

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Most tax transactions happen without incident. In an imperfect world, however, occasional disagreements occur due to misunderstanding, mathematical error, missed deadlines, misplaced papers, high volume of transactions and many other situations. Over the years the Legislature and the department have established ways to handle difficulties according to the provisions of the state tax code. Following are some of your rights. Should you wish to consult the law itself, you will find it in Section 7-1-4.1 through 7-1-4.3 NMSA 1978:

- ◆ The right to available public information and prompt and courteous tax assistance;
- ◆ The right to representation and advice by counsel or other qualified representatives at any time during your interactions with us according to provisions of Section 7-1-24 NMSA 1978;
- ◆ The right to have audits, inspections of records and meetings conducted at a reasonable time and place according to Sec. 7-1-11 NMSA 1978;
- ◆ The right to simple, non-technical information explaining procedures, remedies and rights during audit, protest and collection proceedings under the Tax Administration Act;
- ◆ The right to receive an explanation of audit results and the basis for audits, assessments or denials of refunds that identify tax, interest or penalty due;
- ◆ The right to seek review through formal or informal proceedings of findings or unfavorable decisions arising from determinations during audit or protest procedures according to Sec. 7-1-24 NMSA 1978;
- ◆ The right to have your tax information kept confidential unless otherwise specified by law in Sec. 7-1-8 NMSA 1978;
- ◆ The right to an abatement of an assessment of taxes incorrectly, erroneously or illegally made (Sec. 7-1-28 NMSA 1978) and a right to seek a compromise of an asserted tax liability. When the Secretary of Taxation and Revenue in good faith doubts that you owe us what we claim you owe, you also have the right to seek a compromise if one exists in your particular case (Sec. 7-1-20 NMSA 1978);
- ◆ The right to clear information of the consequences if a tax assessment is not paid, secured, protested or otherwise provided for according to Sec. 7-1-16 NMSA 1978. If you become a delinquent taxpayer, upon notice of delinquency you have the right to timely notice of collection actions that require sale or seizure of your property under the Tax Administration Act, and
- ◆ The right to apply to pay your tax obligations by installment payment agreements according to the provisions of Sec. 7-1-21 NMSA 1978).

## Confidentiality Provisions:

Statutes regulating the confidentiality of your taxes continue to be strict. The Legislature included language in Sec. 7-1-8 NMSA 1978 requiring the department to answer questions about whether a taxpayer is registered to do business in this state or is registered for other tax programs, but it does not allow employees to reveal whether you have filed a return. A hearing officer's written ruling on questions of evidence or procedure according to Sec. 7-1-24 NMSA 1978 may be made public, but not the name and identification number of the taxpayer requesting the ruling. Now included in public record are the monthly gasoline tax reports of numbers of gallons of gasoline and ethanol-blended fuels received and deducted, and the tax paid by each filer or payer of the tax. Identities of rack operators, importers, blenders, suppliers or distributors and the number of gallons of gasoline and other fuels are public record. The department may make known to the Gaming Control Board the tax returns of license applicants and their affiliates.

## Audit Provisions:

We must provide you with written, dated notice that an audit is about to begin on a specific date, and the notice must tell you which tax programs and reporting periods will be covered. We must issue a second notice, which states any outstanding records or books of account requested and not yet received, between 60 and 180 days after the audit begins. If you do not produce the records within 90 days, the department can issue an assessment of tax on the basis of the information as it stands. If you need additional time, you must submit a specific request in writing. Interest on outstanding liabilities accrues if the department does not issue an assessment within 180 days of the notice of outstanding records or books, or within 90 days after time has expired under your request for additional time; however, you are entitled to an abatement of interest for the period of time after you have complied with department requests and the department has not acted on the audit.

## New Administrative Hearing Procedures:

A department hearing officer may not engage as an employee in enforcing or formulating general tax policy other than to conduct hearings. You may request the Secretary to determine if a hearing officer's activities have affected his or her impartiality, and the Secretary may assign the case to another hearing officer. Hearing officers may not communicate unilaterally about a matter you have protested while that matter is still pending. The Secretary may appoint another hearing officer if that occurs. You may request a written ruling on any contested question of evidence in matters in which you have filed a pending written protest. You also may request that two or more protests on related issues be combined and heard jointly, and the hearing officer shall grant the request unless it creates an unreasonable burden on the department.

## Credit Claims:

The department has 180 days from the filing date to approve or deny a statutory tax credit. If it does not act, the credit is approved. The Secretary decides whether a refund of tax due you may be offset against your other tax liabilities, and you will receive notice that the refund will be made accordingly. You are entitled to interest until the tax liability is credited with the refund amount. Please see the paragraph above on "Audit Provisions" for interest due you if the department does not offset a refund or credit against your other tax liabilities within the prescribed time. The department may make a direct refund of overpaid taxes to the taxpayer without requiring the taxpayer to file a refund claim. The department does not have to pay interest on credits or refunds if it applies the amount to a tax interception program, to an estimated payment, or to offset prior liabilities of the taxpayer.

## Awarding of Costs and Fees:

If you prevail in an administrative or court proceeding brought by you or against you after July 1, 2003, under the Tax Administration Act, you will receive a judgment or a settlement for reasonable administrative costs connected to the action.

## Penalty:

The department may not assess penalty against you if you fail to pay tax when due because of a mistake of law made in good faith and on reasonable grounds. If the Secretary determines that it is unfair to hold a spouse or former spouse liable for payment of unpaid taxes, the Secretary may decline to take action against the spouse or former spouse of the person who actually owes the tax. In extreme cases of delinquency under Sec. 7-1-53 the department may enjoin a taxpayer from continuing in business after a hearing and until the delinquency is cleared.

## CRS-1 INSTRUCTIONS FOR COLUMNS A THROUGH H

**Each report is due on or before the 25th of the month following the end of the tax period covered by the report.**

Businesses with more than three business locations, codes or lines of detail to report or those who wish to claim the Services for Resale Tax Credit should complete the CRS-1 Long Form instead of the regular CRS-1 Form. The CRS-1 Long Form is available on our web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/) and at your local district tax office.

**COLUMN A:** On separate lines enter the name of each municipality or county where you have a business location. The Gross Receipts Tax Rate Schedule has the listing of counties, municipalities and location codes for each. For more detail see FYI-200, "Your Business Location." **NOTE: Please be sure you are reporting YOUR location and not the location of your customer.** Report receipts for your business location(s) even when goods or services are delivered elsewhere. The only exceptions are:

- Construction. The location is the construction site;
- Real estate sales. The location is the site of each property sold;
- Telecommunications. The location is the customer's receiver. For cellular telephone service the business location is the customer's place of primary use.
- Utilities. The location is the meter recording the amount of service the customer consumes.
- Transactions on the territory of an Indian tribe, pueblo or nation that has entered into a cooperative agreement with the Taxation and Revenue Department. The location is where services are performed and property is delivered.

Businesses without locations or resident sales personnel in New Mexico enter "out of state."

Governments reporting governmental gross receipts enter "GGRT."

Businesses reporting leased vehicle gross receipts tax use "LVGRT." Enter "LVSUR" for the leased vehicle surcharge.

**COLUMN B:** Enter the Special Code from the table below. *Do not use these codes unless they apply to you.*

Industry	Special Code
Transportation	S
Interstate Telecommunications	T
Certain Health Care Practitioners <sup>1</sup>	M
Food Retailer <sup>2</sup>	F

These codes alert the department's computer to a special rate or distribution requirement that may apply to your industry or to the type of deduction you are taking.

Special reporting instructions apply to interstate telecommunication companies and transportation companies. Contact the department or your local district office. Request publications FYI-403 and FYI-290 or view them online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

**COLUMN C:** Enter Location Code from Gross Receipts Tax Rate Schedule. Please check that the location code corresponds to the municipality or county listed in Column A. Generally, the out-of-state Location Code is 88-888, but report under Location Code 77-777 all receipts from performing research and development services outside New Mexico the product of which is initially used in New Mexico. Use Location Code 55-055 for governmental gross receipts tax (only a government agency can use this code), 44-444 for leased vehicle gross receipts tax, and 44-455 for leased vehicle surcharge.

**NOTE:** Each line of the CRS-1 or the CRS-1 Long Form **must** have an entry for

Columns A and C. The exception is Column B. *Place an entry in Column B only if a special code applies to your receipts.* Leave no blanks in Columns A or C even if the information in them is identical to the line above.

**COLUMN D:** there are seven kinds of receipts reported on the CRS-1 Form or CRS-1 Long Form:

- "Regular" Gross Receipts is the total amount of money plus the monetary value of other consideration received from four kinds of transactions: selling property in New Mexico (including intangible personal property); leasing property used in New Mexico; performing services in New Mexico, or performing research and development services out of state when initial use of the product of the research and development service occurs in New Mexico;
- Governmental Gross Receipts are receipts of governments from selling tangible personal property and performing specified services;
- Interstate Telecommunications Gross Receipts are receipts of interstate telecommunications companies from providing interstate telecommunications services that originate or terminate in New Mexico or that are charged to a telephone or account in New Mexico;
- Tribal/Pueblo Gross Receipts are receipts of tribal entities that are collected by the department when the entity has entered into a cooperative agreement with the tribe or pueblo;
- Leased Vehicle Gross Receipts are receipts from the short-term rental of passenger automobiles that are part of a fleet of five or more vehicles;
- Leased Vehicle Surcharge is the total due at \$2 per day that each vehicle subject to the leased vehicle gross receipts tax is rented. *Carry the leased vehicle surcharge directly to Column H. Columns E, F & G should be left blank, and*
- Gross receipts that require a special code (other than Interstate Telecommunications Gross Receipts). Such receipts are for transportation (see FYI-290) and qualifying receipts for food (see FYI-201) and medical (see FYI-202) transactions.

For Column D there are two types of entry:

1. For receipts that do not need special codes, enter taxable gross receipts and deductible gross receipts. Do not enter qualifying food, medical and transportation deductions that must be reported with a special code. *Leave Column B blank.*
2. For qualifying food and medical deductions and transportation receipts needing special codes, make a separate entry for each business location and each special code. Enter the appropriate special code in Column B. See Column B instructions above.

Excluded from gross receipts totals are gross receipts tax, governmental gross receipts tax and leased vehicle gross receipts tax. These amounts do not appear in Column D.

**COLUMN E:** A taxpayer must maintain in his possession a nontaxable transaction certificate (NTTC) or other acceptable evidence or documentation for each deduction claimed in this column. Deductions cannot exceed gross receipts reported in Column D for the same location. **Business expenses are not deductible from gross receipts.** For a listing of available deductions, please see FYI-105: Gross Receipts and Compensating Taxes: An Overview available online at [http://www.tax.state.nm.us/trd\\_pubs.htm](http://www.tax.state.nm.us/trd_pubs.htm).

Taxpayers reporting deductions under the special codes "M" (medical) and "F" (food) must report them separately from other deductible and taxable receipts. Deductible receipts with the "M" and "F" codes stand alone on separate lines of the CRS-1 Form. Use another line for all other gross receipts as usual, but leave Column B blank. **Food retailers do NOT enter on the CRS-1 Report any receipts for sales paid for by federal food cards.**

**COLUMN F:** Column D minus Column E. This amount can never be less than zero.

**COLUMN G:** Enter the rate from the Gross Receipts Tax Rate Schedule or a special tax rate if you entered "S" or "T" in Column B. See the instructions for Column B.

<sup>1</sup> Only licensed health care practitioners reporting deductions under Section 7-9-93 NMSA 1978 use this special code. All other receipts reported by licensed health care practitioners should **not** show a special code in Column B. Use a separate line for other types of medical deductions. For more information on who qualifies for the special code M deduction, please see FYI-202.

<sup>2</sup> Only food retailers reporting deductions under Section 7-9-92 NMSA 1978 use this special code. Do NOT claim deductions for federal food stamp sales paid for with food cards. Not all food retailers qualify for the special code F deduction. For more information on who qualifies, please see FYI-201.

**COLUMN H:** Enter Gross Receipts Tax Due for each line of detail by multiplying Column F by Column G. Enter total of Column H on Line 1. If you are filing the CRS-1 Long Form (including any supplemental pages), enter on line 1 the total of Column H from all pages.

**Amended Report:** Check if amending a previously filed return.

**Payment via Automated Clearinghouse Deposit or Federal Wire Transfer:** Check appropriate box and enter date of transfer.

**TAX PERIOD:** Enter the dates for which the tax is reported, not the month the payment is made. The tax period should be monthly, quarterly or semiannually, according to the filing frequency listed on your Registration Certificate.

*Provide your CRS ID number and telephone number.*

#### CRS-1 INSTRUCTIONS FOR LINES 1 - 7

**LINE 1: GROSS RECEIPTS TAX.** Complete Columns A through H and enter the Column H total on Line 1 (includes amounts of governmental gross receipts tax, interstate telecommunications gross receipts tax, leased vehicle gross receipts tax and leased vehicle surcharge). Be sure to include the total from Column H from the CRS-1 Long Form and any supplemental pages you may be required to file.

**LINE 2: COMPENSATING TAX.** Take 5% of the value of:

(1) property acquired or purchased outside New Mexico and brought into this state for use;

(2) property or services acquired or purchased for nontaxable use and then used by the buyer (Example: A retailer delivers a nontaxable transaction certificate to purchase items for resale. The retailer removes items from inventory for personal use. Compensating tax is due on the value of these items);

(3) manufactured property used by the manufacturer.

**LINE 3: WITHHOLDING TAX.** Every employer doing business in New Mexico or deriving income from within New Mexico who pays wages or other remuneration to an employee *and* who is required to withhold federal income tax must withhold New Mexico income tax. In addition, operators of gambling establishments must, on behalf of the state, withhold 6% from winnings if required to withhold for federal purposes. Gaming operators must include copies of IRS Forms 1099, W2-G or 1042S. Withholding Tax Tables are included in the CRS-1 Filer's Kit, or you may view them online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Use Line 3 only to report tax withheld from wages and gambling winnings.

**LINE 4: TOTAL TAX DUE.** Add Lines 1, 2 and 3.

**LINE 5: PENALTY.** Penalty is applied for failure to pay or file on time. Prior to January 1, 2008, penalty is calculated at a rate of 2% of Line 4 per month or partial month (any fraction of a month is a full month) the payment is late, up to 10% of the tax due or a minimum of \$5.00, whichever is greater.

After January 1, 2008, penalty is calculated at the same monthly rate and in the same manner but the maximum amount of penalty that can be imposed increases to 20% of the tax due or a minimum of \$5.00, whichever is greater.

THE MINIMUM \$5.00 PENALTY ALSO IS IMPOSED FOR FAILURE TO FILE THIS REPORT EVEN IF NO TAX IS DUE. See FYI-401 for special payment methods for Automated Clearinghouse (ACH) taxpayers.

**NOTE:** Penalty is calculated on the outstanding tax due balance. Any outstanding tax that originated prior to January 1, 2008, may still be subject to the new 20% penalty threshold effective January 1, 2008.

**LINE 6: INTEREST.** Prior to January 1, 2008, calculate interest at .041% of Line 4 for each day the payment is late. The formula is:

$$\text{Tax Due} \times .00041 \times \text{Number of Days Late} = \text{Interest Due}$$

Example: Taxpayer's tax due on Line 4 is \$1,000. The payment is five days late. To calculate interest, multiply \$1,000 by .041% (.00041). The result is \$.41, which is the interest due for one day. Multiply \$.41 by five (the number of days the

payment is late). The interest is \$2.05. Enter this amount on Line 6.

$$\$1,000 \times .00041 \times 5 = \$2.05$$

**NOTE:** You are not liable for interest if the total interest is less than \$1.00.

After January 1, 2008, interest continues to be calculated daily but the rate will be set at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC). The interest rate changes on a quarterly basis. Please visit the department web site at [www.tax.state.nm.us](http://www.tax.state.nm.us) for information on the current quarterly and daily rate.

**LINE 7: TOTAL AMOUNT DUE.** Add Lines 4, 5 and 6. Pay this amount. A CRS payment should not be combined on the same check or money order with any other tax or fee paid to the department. See below for mailing address.

If you prefer, you may file and pay your CRS taxes online by going to our web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Choose "electronic services." Select "CRS-NET" and follow the prompts. If you have never filed electronically, the department will have to set up your account using an extra step. First-time CRS-NET filers should e-mail us at [poffice@state.nm.us](mailto:poffice@state.nm.us). Include your 11-digit CRS identification number. The process is quick and easy once you have been added to the database.

**NOTE:** The following tax credits may be taken against tax programs that are reported on the CRS-1 or CRS-1 Long forms. Please note there are additional forms that must be completed to apply for and claim these credits. You may request these forms from your local district tax office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

Tax Credit	Claimed Against	Form Requirements
Advanced Energy Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41335; RPD-41334
Affordable Housing Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41301
Biodiesel Blending Facility Tax Credit	Gross Receipts and Compensating Taxes	RPD-41339; RPD-41321
Double Local Option Tax Penalty Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41328
High-Wage Jobs Tax Credit	Gross Receipts, Compensating, Withholding Taxes and Interstate Telecommunications GRT	RPD-41288; RPD-41290
Hospital Credit	Gross Receipts Tax	RPD-41324
Investment Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41167; RPD-41168; RPD-41212
Laboratory Partnership with Small Business Tax Credit	Gross Receipts Tax	None.
Research & Development Small Business Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41297; RPD-41298
Rural Job Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41238; RPD-41243
Service for Resale Tax Credit	Gross Receipts Tax	RPD-41300
Technology Jobs Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41239; RPD-41244
Unpaid Doctor Services Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41323

**NOTE:** If you are reporting receipts that are deductible under the Gross Receipts Tax Holiday Deduction you will also need to complete form RPD-41299 and attach it to your CRS-1 form. You can request the form RPD-41299 from your local district tax office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).



- 6 CRS-1 Forms are provided for you to complete and submit to the Department.
- You will receive more CRS-1 Forms in the CRS-1 Filer's Kit mailed every June and December.
- Please file your CRS-1 Forms in accordance with your filing status: i.e., monthly, quarterly, semi-annually. If you do not know your filing status, please contact your local district office.
- Sign the return and make check payable to Taxation and Revenue Department.  
Mail to: P.O. Box 25128, Santa Fe, NM 87504-5128

Penalty will be assessed for nonpayment of timely reports. Please indicate your CRS ID number on your check.

Do not make address changes on the CRS-1 Form.  
Use the Registration Update, Form ACD-31075, included in this packet.

NAME	NEW MEXICO CRS ID NO. 
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### TAXPAYER'S COPY

Keep this copy as part of your records.

Tear at perforation and return bottom portion only to:  
Taxation and Revenue Department  
P.O. Box 25128, Santa Fe, New Mexico 87504-5128

**Due date: 25th of month following end of report period**

COMBINED REPORT FORM, CRS-1

10/2000

NAME
STREET / BOX
CITY, STATE, ZIP

NEW MEXICO CRS ID NO. 	
--	--

Please complete if not preprinted

Please complete if not preprinted

Mail To: Taxation and Revenue Department, P.O. Box 25128, Santa Fe, NM 87504-5128

DEPT. USE LATE FILE	DEPT. USE ONLY		DEPT. USE ONLY Do not write in this area



# Go Paperless!

File the CRS-1 Form online through the Department's website:

[www.state.nm.us/tax](http://www.state.nm.us/tax)

click on *Electronic Services*, and choose *CRS-NET*

A	Municipality / County Name	B	Special Code*	C	Location Code	D	Gross Receipts (Excluding Tax)	E	Total Deductions	F	Taxable Gross Receipts	G	Tax Rate	H	Gross Receipts Tax
TOTAL COLUMNS D, E and H. *See instructions for column B.						\$		\$		TOTAL GROSS RECEIPTS TAX		1			

Payment made by: ☐ Automated Clearinghouse Deposit      Date \_\_\_\_\_  
☐ Federal Wire Transfer      Date \_\_\_\_\_

Check if applicable: ☐ Amended Report

TAX PERIOD    

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 through    

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Month    Day    Year                      Month    Day    Year

Print Name \_\_\_\_\_ NMCRS ID No. \_\_\_\_\_ Phone No. \_\_\_\_\_

Signature of Taxpayer or Agent \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

A	Municipality / County Name	B	Special Code*	C	Location Code	D	Gross Receipts (Excluding Tax)	E	Total Deductions	F	Taxable Gross Receipts	G	Tax Rate	H	Gross Receipts Tax
TOTAL COLUMNS D, E and H. *See instructions for column B.						\$		\$		TOTAL GROSS RECEIPTS TAX		1			

Payment made by: ☐ Automated Clearinghouse Deposit      Date \_\_\_\_\_  
☐ Federal Wire Transfer      Date \_\_\_\_\_

Check if applicable: ☐ Amended Report

TAX PERIOD    

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 through    

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Month    Day    Year                      Month    Day    Year

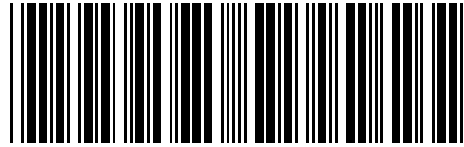
Print Name \_\_\_\_\_ NMCRS ID No. \_\_\_\_\_ Phone No. \_\_\_\_\_

Signature of Taxpayer or Agent \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

COMPENSATING TAX	2	
WITHHOLDING TAX	3	
TOTAL TAX DUE	4	
PENALTY	5	
INTEREST	6	
TOTAL AMOUNT DUE	7	

COMPENSATING TAX	2	
WITHHOLDING TAX	3	
TOTAL TAX DUE	4	
PENALTY	5	
INTEREST	6	
TOTAL AMOUNT DUE	7	

**COMBINED REPORT SYSTEM**

Mail to: Taxation and Revenue Department,  
P.O. Box 25128, Santa Fe, NM 87504-5128

NAME  STREET/BOX  CITY, STATE, ZIP	NEW MEXICO CRS ID NO.
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TAX PERIOD				through			
Month	Day	Year		Month	Day	Year	

Check if applicable: ☐ Amended report

Payment made by:

☐ Automated clearinghouse deposit Date \_\_\_\_\_

☐ Federal wire transfer Date \_\_\_\_\_

If additional space is needed, use the supplemental page.

Do not submit a photocopy of these forms to the Department. If additional space is needed, please obtain an original form from your local district office or download the form from our web site at [www.state.nm.us/tax](http://www.state.nm.us/tax).

A Municipality / county name	B Special code*	C Location code	D Gross receipts (excluding tax)	E Total deductions	F Taxable gross receipts	G Tax rate	H Gross receipts tax
Enter total of columns D, E and H, this page. * See instructions for column B.			\$	\$			\$
If supplemental pages are attached, enter total of all columns D, E and H from this page and all supplemental pages.			\$	\$			\$

*I declare that I have examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.*

Signature of Taxpayer or Agent

Print name

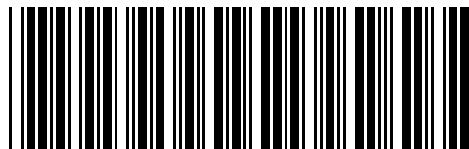
Phone

Title

Date

1	TOTAL GROSS RECEIPTS TAX ALL PAGES	
2	COMPENSATING TAX	
3	WITHHOLDING TAX	
4	TOTAL TAX DUE	
5	PENALTY	
6	INTEREST	
7	TOTAL AMOUNT DUE	

# CRS-1 - LONG FORM Supplemental COMBINED REPORT SYSTEM



NAME	NEW MEXICO CRS ID NO.	
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Month	Day	Year

Month      Day      Year

Do not submit a photocopy of these forms to the Department. If additional space is needed, please obtain an original form from your local district office or download the form from our web site at [www.state.nm.us/tax](http://www.state.nm.us/tax).

[illegible]

## 2008 LEGISLATIVE SUMMARY

The 2008 Legislature met for 30 days in regular session. Acts affecting the Taxation and Revenue Department (TRD) either administratively or programmatically during the session appear below in summary. The heading for each entry includes a title or description, the 2008 session law chapter number, the bill number and the effective date of the law's provisions. All references to statutes are for the New Mexico Statutes Annotated (NMSA) 1978.

### TAXES

#### TAX ADMINISTRATION

##### **Tax Refund Contribution Corrections**

###### **Chapter 13 [HB-599]**

**Effective Date: February 22, 2008**

This legislation amends Section 7-1-6.50 of the Tax Administration Act, changing the recipient of the distribution of voluntary contributions made under Section 7-2-30.3 of the Income Tax Act from the Secretary of Veterans' Services to the Department of Military Affairs. The voluntary contribution of a personal income tax refund made pursuant to Section 7-2-30.3 is to assist members of the New Mexico National Guard activated for service in the global war on terrorism and their families.

This law also contains a temporary provision that transfers to the Department of Military Affairs all money in the temporary suspense account of the Secretary of Veterans Services attributable to contributions made pursuant to Section 7-2-30.3.

##### **Distributions to Sole Community Provider Fund**

###### **Chapter 51 [HB-615]**

**Effective Date: February 28, 2008**

This legislation amends the process for distributing county gross receipts tax revenue pursuant to Section 7-1-6.13. The law provides an additional distribution from revenue attributable to the second one-eighth increment of the county gross receipts tax imposed by a county to the Sole Community Provider Fund. The new distribution is equal to the county's approved contribution for support of sole community provider payments, as calculated by the Human Services Department for that county. Revenue in excess of the amount approved must be transferred to the county as required by Subsection A of Section 7-1-6.13.

##### **Additional Local Liquor Tax Counties**

###### **Chapter 93 [SB-164]**

**Effective Date: July 1, 2009. Distributions under this proposal would be applicable to revenue earned on a modified accrual basis after June 30, 2009.**

This legislation provides a distribution pursuant to Section 7-1-6.1, calculated at twenty thousand seven hundred fifty dollars (\$20,750) per month, from the net receipts attributable to the liquor excise tax to a municipality which is located in a class A county and has a population, according to the most recent federal decennial

census, of more than thirty thousand but less than sixty thousand. Farmington is the only municipality that qualifies for this distribution. The distribution may be used only for the provision of alcohol treatment and rehabilitation services for street inebriates.

### INCOME TAXES

##### **Native American Veteran Tax Refunds**

###### **Chapter 89 [SB-574]**

**Effective Date: March 4, 2008**

Native American veterans domiciled on tribal lands during their periods of active military service may have been exempt from paying state personal income taxes on their military income, but may have had state personal income taxes improperly withheld from their military income. Prior to passage of this bill, Native American veterans were barred by the statute of limitations from claiming refunds of these improper withholdings, and even if not barred by the statute of limitations, the passage of time extending to decades would make it difficult for many Native American veterans to meet strict standards of proof that they are entitled to a refund of improperly withheld state personal income taxes. This legislation states that it is incumbent upon the state to ensure that it was not unjustly enriched by the improper withholding of state personal income taxes from Native American veterans, and that the state should implement a feasible means of refunding to Native American veterans any state personal income taxes that were improperly withheld from military pay.

The law creates a nonreverting Native American Veterans' Income Tax Settlement Fund. Money in the fund is to be appropriated to the Veterans' Services Department (Department) to make settlement payments to Native American veterans who had state personal income taxes improperly withheld from their military pay. That Department is responsible for establishing procedures and adopting rules to administer the fund and to make settlement payments.

The legislation directs that the Secretary of Veterans' Services (Secretary) conduct a study in cooperation with the Taxation and Revenue Department to determine whether Native American veterans who were domiciled on tribal lands during the period of their active military duty had state income taxes improperly withheld from their pay and, if so, to determine the amount improperly withheld and the number and identity of Native American veterans or survivors affected by the improper withholdings. The Secretary must

promulgate rules for a state program to compensate Native American veterans or their survivors for state personal income taxes improperly withheld and report to the appropriate interim legislative committee no later than October 1 of each year.

## **GROSS RECEIPTS TAXES - GENERAL**

### **Locomotive Fuel Tax Exemption Effective Dates for GRT and Compensating Tax**

#### **Chapter 11 [HB-387]**

**Effective Date: May 14, 2008**

This legislation provides an alternative to the contingent effective date currently in place for gross receipts and compensating tax exemptions for locomotive fuel. The current effective date for the exemptions is July 1, 2009, if, prior to January 1, 2009, the Economic Development Department certifies to the Taxation and Revenue Department that construction of a railroad locomotive refueling facility project in Dona Ana County has commenced, including land acquisition, acquisition of all necessary permits and commencement of actual construction. If that condition cannot be met by January 1, 2009, this law provides that the exemptions shall go into effect on July 1, 2010, if the same condition can be met by January 1, 2010.

## **TAX CREDITS**

### **High-Wage Jobs Tax Credit Eligibility**

#### **Chapter 27 [SB-174]**

**Effective Date: May 14, 2008**

This legislation extends by six years, from July 1, 2009, until July 1, 2015, the period of time during which a new high-wage economic-based job can be created. It also requires the Economic Development Department to report to the appropriate interim legislative committee each year the cost of this tax credit to the state and its impact on company recruitment and job creation.

## **PROPERTY TAXES**

### **Charitable Care Property Tax Valuation**

#### **Chapter 46 [HB-324]**

**Effective Date: February 28, 2008; applies to tax years beginning on or after January 1, 2008**

This measure provides an exemption from valuation for property taxation purposes for property operated as a community to which the Continuing Care Act applies, or as a facility licensed by the Department of Health to operate as a nursing facility, skilled nursing facility, adult residential care facility, intermediate care facility or intermediate care facility for the developmentally disabled. To qualify for the exemption, the property must be owned by a charitable nursing, retirement or long-term care organization that is a 501(c)(3) organization, donates or renders gratuitously a portion of its services and uses all funds remaining after payment of its usual and necessary operating expenses to further its charitable purpose.

### **Property Tax Valuation Factors**

#### **Chapter 77 [HB-661]**

**Effective Date: February 29, 2008; applies to tax years beginning on or after January 1, 2008**

Valuation authorities (the Department and county assessors) must apply generally accepted appraisal techniques when appraising property for property tax purposes (Section 7-36-15[B] of the Property Tax Code). This legislation amends the statute to state that when appraising "residential housing," the authorities must consider any decrease in the value that would be realized by the *owner* in a sale due to effects of any housing subsidy, covenant or encumbrance imposed pursuant to a federal, state or local affordable housing program.

### **Raise Property Tax Limitation Income Limit**

#### **Chapter 26 [SB-116]**

**Effective Date: May 14, 2008; applies to tax years beginning on or after January 1, 2009**

This legislation changes eligibility requirements for limitations on increases in assessed values of property owned by low-income taxpayers who are 65 years of age or older or disabled. Formerly, the statute (Section 7-36-21.3) stipulated that taxpayers with modified gross income (MGI) in excess of \$18,000, adjusted for inflation, qualified for the exemption. The MGI limit is \$21,600 for tax year 2008. Under this legislation, the eligibility requirements allow persons who are 65 years of age or older or disabled with MGIs that do not exceed \$32,000, adjusted for inflation, to receive the valuation increase limitation.

### **Monthly Property Tax Prepayments**

#### **Chapter 33 [SB-177]**

**Effective Date: May 14, 2008; applies to tax years beginning on or after January 1, 2009**

This legislation amends the Property Tax Code (Articles 35 to 38 of Chapter 7) to allow owners of property to prepay their property taxes in monthly installments if county commissioners approve the prepayment plan. County commissioners may provide the option of prepayments in 10 monthly payments, beginning July 1 of the year in which the tax bill is prepared and ending March 1 of the following year. The first nine monthly payments must be 10% of the prior year's property tax bill. The final March 1<sup>st</sup> payment is for the balance remaining. The measure also requires property tax bills to include the total amount of any monthly prepayments made and the amount of the final monthly payment needed to pay the liability in full. The prepayment option may not be exercised if taxes are escrowed for the property owner and included in the property owner's monthly mortgage payment.

## **SPECIAL TAX PROGRAMS**

### **Winery Definitions and Taxation**

#### **Chapter 82 [SB-43]**

**Effective Date: July 1, 2008**

This legislation reorganizes the definition section of the Liquor Excise Tax Act and adds a definition of “winegrower”. It also increases, from fewer than 560,000 liters to fewer than 950,000 liters, the amount of production that qualifies a winegrower as a “small winegrower”. The reduction in the excise tax rate on wine from \$.45 per liter to \$.10 per liter is retained for the first 80,000 liters sold in New Mexico by a small winegrower, but the limit on such sales over 80,000 liters that qualify for the reduced rate of \$.20 per liter is increased from 560,000 liters to 950,000 liters. The law also adds new rules related to the tax liability on wine transfers between winegrowers and between winegrowers and wholesalers.

## **OTHER TAX-RELATED ISSUES**

### **Amend Small Counties Assistance Act**

#### **Chapter 39 [HB-218]**

**Effective Date: July 1, 2008**

The Tax Administration Act requires that ten percent (10%) of net receipts from the compensating tax be distributed to the Small Counties Assistance Fund. Qualifying counties are provided with distributions based upon their population and total assessed value for property tax purposes. Under former law, the term “inflation factor” was defined as a fraction where the numerator is the annual implicit price deflator index for state and local government purchases of goods and services for the calendar year one year prior to the year in which the distribution is to be made, and the denominator is the same index for the year two years prior to the year in which the distribution is to be made, i.e.:  $(\text{Index Last Year})/(\text{Index Two Years Ago})$ . Given the manner in which both the numerator and denominator roll forward from year to year, the formula failed to adequately capture the effects of inflation and adjust the base distributions accordingly. This legislation amends the definition of “inflation factor” to anchor the inflation factor to a base year (2004). The inflation factor is now:  $(\text{Index for Last Year})/(\text{Index for 2004})$ . The base distributions will grow by the annual rate of inflation as measured by the annual implicit price deflator index for state and local government purchases of goods and services for the year prior to distribution.

## **MOTOR VEHICLE CODE**

### **REGISTRATION**

#### **City of Las Cruces License Plates**

##### **Chapter 85 [HB-168]**

**Effective Date: May 14, 2008**

This legislation creates a new “City of Las Cruces” special registration plate with a logo indicating that the vehicle owner is a resident

of the city of Las Cruces. The Department must adopt procedures for application for and issuance of the special plate and the Department secretary must approve the final logo design for the plate. Owners of motor vehicles who are residents of Las Cruces have the option of paying a \$35 fee for the special plate each year the owner wishes to retain the plate. The \$35 fee is in addition to the regular registration fee. Ten dollars of the fee is retained by the Department, and \$25 of the fee is paid to the state treasurer and is appropriated to the city of Las Cruces recreation fund 2130. Any person who ceases to be a resident of Las Cruces must remove the plate and return it to the Department in exchange for a regular plate.

### **Breast Cancer Awareness License Plates**

#### **Chapter 34 [SB-178]**

**Effective Date: May 14, 2008**

This legislation creates a new license plate promoting awareness and funding breast cancer research and education. The fee for the plate is \$35 in addition to the regular registration fees. To retain the plate, the owner must pay this fee every year with the regular registration fee. Ten dollars of the additional fee is retained by the Department to defray the cost of making and issuing the special plate, and twenty-five dollars is distributed to the Department of Health for breast cancer screening, outreach and education.

### **Distinctiveness of Purple Heart License Plate**

#### **Chapter 32 [SB-492]**

**Effective Date: May 14, 2008**

This legislation requires that the special registration plates for Purple Heart recipients have a distinctive design that is different from other special registration plates issued to armed forces veterans pursuant to Section 66-3-419, and that the plate must emphasize that the veteran is a Purple Heart recipient.

## **LICENSING**

### **Eliminate Commercial Driver's License Waivers**

#### **Chapter 72 [HB-215]**

**Effective Date: May 14, 2008**

This legislation brings the state into compliance with the Federal Motor Carrier Safety Administration requirements regarding Commercial Driver's Licenses. The law eliminates the Motor Vehicle Division's authority to waive the commercial driver's license test even when the applicant complies with other provisions of the Commercial Driver's License Act. The legislation expands the Department's authority to disqualify persons from driving a commercial motor vehicle if the individual is required to hold a commercial driver's license. The Department also may disqualify a person from driving a commercial motor vehicle for a period of not more than one year if the person is convicted of a first violation of an out-of-service order. This legislation also reconciles multiple amendments to Section 66-8-102 made in 2007.



## **Ignition Interlock Tampering Penalties**

### **Chapter 67 [HB-100]**

**Effective Date: February 29, 2008**

This bill amended sections of the Motor Vehicle Code to establish that a person with an ignition interlock license who tampers with or causes another to tamper with an ignition interlock device may be subject to the penalties for driving with a license that was revoked for driving under the influence of intoxicating liquor or drugs or for a violation of the Implied Consent Act.

## **OTHER ISSUES**

## **Weight Distance Tax Compliance Penalties**

### **Chapter 31 [SB-438]**

**Effective Date: May 14, 2008**

This legislation imposes a new type of penalty assessment (fine) for failure to comply with the requirements of the Weight Distance Tax Act specified in Section 65-1-26. The penalty assessment for a first conviction is \$300. For a second conviction occurring within 10 years of the first conviction, the penalty assessment is \$500. For a third conviction occurring within 10 years of the first conviction, the penalty assessment is \$1,000.

## **Vehicle Port-of-Entry Requirements**

### **Chapter 63 [SB-551]**

**Effective Date: May 14, 2008**

This legislation enacts a new section of the Motor Vehicle Code to provide multiple trip special permits for agricultural product transport vehicles. For an annual permit fee of \$250, permitted vehicles may carry loads weighing up to 5,000 pounds over the declared gross vehicle weight. Such vehicles cannot be operated on highways for which a stricter size or weight limitation is required by federal law, or on routes identified by the N.M. Department of Transportation as having deficient bridge structures.

The legislation also allows an exception to the requirement that agricultural product transport vehicles stop at every port of entry, provided the vehicle has cleared the port of entry at least once and has successfully passed a commercial vehicle safety alliance level 1 inspection during the current harvest season.

This legislation requires the owners or operators of agricultural transport vehicles to have in their possession a copy of the restrictions imposed by the State Transportation Commission regarding the size and weight of vehicles operated on a highway under the jurisdiction of that commission. It also specifies that the agricultural products being transported must have been harvested in an agricultural area in New Mexico or in New Mexico and an adjacent state.



## OVERVIEW OF GROSS RECEIPTS AND COMPENSATING TAXES

This overview includes a description of gross receipts and compensating taxes; exemptions, deductions and credits available for each tax; how and when to report and pay the taxes; account notices issued by the department; and, finally, responses to common questions asked by CRS taxpayers. "CRS" is the Taxation and Revenue Department's Combined Reporting System. Using the Combined Reporting System you can report one or more of the following taxes:

1. Gross Receipts Tax (includes municipal and county taxes)
2. Compensating Tax
3. Withholding Tax\*
4. Governmental Gross Receipts Tax
5. Interstate Telecommunications Gross Receipts Tax
6. Leased Vehicle Gross Receipts Tax
7. Leased Vehicle Surcharge
8. Pueblo Taxes.

\*A description of withholding tax is included in the withholding tax table section of the CRS-1 Filer's Kit.

The form used to report these taxes is the CRS-1 Form. A supply of these forms is enclosed in the CRS-1 Filer's Kit. The kit is mailed out every six months in June and December and contains a six-month supply of CRS-1 Forms, current gross receipts tax rates, withholding tax tables, and frequently requested CRS-related forms.

This information is a general explanation of the gross receipts, compensating and withholding tax laws and is presented as a service to taxpayers. Because these instructions are intended to provide general guidance and do not address all specific circumstances, they are not binding on the department. If you have any questions regarding your particular situation, please contact one of the department's district tax offices or the Santa Fe headquarters.

Statutory citations in this publication are to the New Mexico Statutes Annotated (NMSA 1978). The Gross Receipts and Compensating Tax Act is compiled as Sections 7-9-1 through 7-9-112 NMSA 1978.

### GOVERNMENTAL GROSS RECEIPTS TAX

A governmental gross receipts tax of 5% is imposed on the receipts of New Mexico state and local governments (except public school districts and hospitals) from:

1. The sale of tangible personal property, other than water, from facilities open to the general public;
2. The performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public;
3. Refuse collection, refuse disposal or both;
4. Sewage services;
5. The sale of water by a utility owned or operated by a county, municipality or other political subdivision of the state; and
6. The renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

For governmental gross receipts purposes a "facility open to the general public" DOES NOT include point-of-sale registers or electronic devices at a bookstore owned or operated by a public post-secondary educational institution when the

registers or devices are utilized in the sale of textbooks or other materials required for courses at the institution to a student enrolled at the institution who displays a valid student identification card.

### Exemptions from Governmental Gross Receipts Tax

Receipts subject to one of the following taxes are exempt from governmental gross receipts tax: gross receipts tax; compensating tax; motor vehicle excise tax; gasoline tax; special fuel supplier's tax; the oil and gas emergency school, severance, conservation and ad valorem taxes; resources tax; processors tax; service tax; event center surcharge (7-9-13.5); stadium surcharge (7-9-13.3); athletic facility surcharge (7-9-41.1) or the boat excise tax (7-9-13.2). In addition, receipts from the sale of livestock or raw agricultural products are exempt (7-9-18).

### Deductions from Governmental Gross Receipts Tax

Deductions that can be claimed under governmental gross receipts are:

1. Receipts from selling tangible personal property to manufacturers (7-9-46).
2. Receipts from sales of tangible personal property (including prosthetic devices) for resale (7-9-47, 7-9-73).
3. Receipts from selling tangible personal property to a U.S. or New Mexico governmental entity or to the governing body of an Indian nation, tribe or pueblo for use on the reservation (7-9-54).
4. Receipts from selling tangible personal property to 501(c)(3) organizations (7-9-60).
5. Receipts from sale of services for resale (7-9-48).
6. Receipts from sales in interstate commerce (7-9-55).
7. Refunds and uncollectible debts (7-9-67).
8. Receipts from the sale of prescription drugs and oxygen (7-9-73.2).

For further information on these deductions see Deductions from Gross Receipts Tax on pages 5 through 12.

Although the governmental gross receipts tax is included in the Gross Receipts and Compensating Tax Act and reportable in the same fashion as gross receipts and compensating taxes, it is an entirely separate tax. The location code used by government agencies for reporting purposes is 55-055.

### LEASED VEHICLE GROSS RECEIPTS TAX AND LEASED VEHICLE SURCHARGE

In addition to gross receipts tax, a leased vehicle gross receipts tax of 5% is imposed on the receipts of a lessor of automobiles when:

1. The lease is for a term of six months or less;
2. The automobile is part of a fleet of five or more leased vehicles;
3. The vehicle is a passenger automobile that will accommodate six or fewer adults, and
4. The lessor acquired the automobile on or after July 1, 1991.

A \$2-per-day leased vehicle surcharge is also imposed except when the vehicle

is leased to a person who signs a statement that the vehicle is being rented to temporarily replace a vehicle that is being repaired, serviced or replaced. Report the regular gross receipts tax, the leased vehicle gross receipts tax and the leased vehicle surcharge on the CRS-1 Form. The location code for leased vehicle gross receipts tax is 44-444, and the location code for the leased vehicle surcharge is 44-455.

### TRIBAL TAXES

New Mexico has entered into agreements with the Pueblos of Santa Clara, Santa Ana, Nambe, Laguna, Sandia, Pojoaque, Cochiti and Santo Domingo and the Jicarilla Apache Nation to collect a tax imposed by these tribes. The agreements also provide for mutual credits to the total tax when both the state (including local option taxes) and tribal taxes imposed on a taxpayer do not exceed the amount that either imposes individually.

The department is authorized to enter into similar agreements with all nineteen New Mexico Pueblos and the Mescalero Apache Tribe.

### GROSS RECEIPTS TAX

#### What is Gross Receipts?

“Gross receipts” means the total amount of money or other consideration received from selling property in New Mexico, leasing or licensing property employed in New Mexico, granting the right to use a franchise employed in New Mexico, performing services in New Mexico or selling research and development services performed outside New Mexico the product of which is initially used in New Mexico. Gross receipts includes receipts from:

1. Sales of tangible personal property handled on consignment;
2. Commissions received;
3. Amounts paid by members of any cooperative association;
4. Amounts received by persons providing telephone or telegraph services;
5. Fees received by persons for serving as disclosed agents for another;
6. Amounts received by a New Mexico florist from the sale of flowers, plants, etc., that are filled and delivered outside New Mexico by an out-of-state florist;
7. Providing intrastate mobile telecommunications services (i.e., the services originate and terminate in the same state) to customers whose place of primary use is in New Mexico.

Gross receipts DOES NOT include:

1. Gross receipts tax, governmental gross receipts tax, leased vehicle gross receipts tax, interstate telecommunications gross receipts tax and local option taxes.  
◆ Example: When the seller passes on tax to the buyer, the seller should back out that tax from the total income to arrive at “Gross Receipts,” the amount reported in Column D of the CRS-1 Form. (See example of backing out tax on page 18.)
2. Cash discounts allowed and taken.  
◆ Example: When a seller offers 2% off for paying cash or for paying within a certain time frame and the buyer takes advantage of the offer, the gross receipts amount is the amount actually received (sales price less 2%). However, manufacturers’ coupons redeemable by the seller, i.e. a grocery store, are not cash discounts allowed and taken since the seller will be reimbursed for the face value of the coupon. Gross receipts includes cash received plus the value of the coupon.

3. Gross receipts or sales tax imposed by an Indian nation, tribe or pueblo if the Indian nation, tribe or pueblo has a similar exclusion for New Mexico gross receipts tax.
4. Any type of time-price differential (i.e., interest).
5. Amounts received solely on behalf of another in a disclosed agency capacity.
6. Amounts received by a New Mexico florist from the sale of flowers, plants, etc., where the sale is made pursuant to orders placed with an out-of-state florist for filling and delivery in New Mexico by a New Mexico florist.

#### What is the Gross Receipts Tax?

The gross receipts tax is a tax on persons engaged in business in New Mexico for the privilege of doing business in New Mexico. The tax is imposed on the gross receipts of persons who:

1. Sell property in New Mexico;  
◆ Property includes real property; tangible personal property, including electricity and manufactured homes, licenses (other than the licenses of copyrights, trademarks or patents and franchises).
2. Perform services in New Mexico;  
◆ Service includes construction activities and all construction materials that will become part of the construction project.
3. Lease or license property employed in New Mexico;
4. Grant a right to use a franchise employed in New Mexico;
5. Sell research and development services performed outside New Mexico when the product of the service is initially used in New Mexico.

#### What is the Gross Receipts Tax Rate and How is it Determined?

The gross receipts tax rate varies throughout the state from 5.00% to 8.4375%. The total rate is a combination of the rates imposed by:

1. The state,
2. The counties, and
3. The municipalities.

The total gross receipts tax is paid to the state. The state keeps its portion and distributes the counties' and municipalities' portions to them.

The state's portion of the gross receipts tax, which is also the largest portion of the tax, is determined by state law. Changes occur no more than once a year, usually in July.

The counties' portion of gross receipts tax is determined by the county commissions. These increments can go into effect in January and July of every year.

Municipal councils determine the municipalities' portion of gross receipts tax.

Like the counties, changes can go into effect in January and July of every year.

Because the combined gross receipts tax rate can change effective January and July of every year, we issue a new tax rate schedule twice a year and include it in the CRS-1 Filer's Kit. You can also view the tax rate schedule online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Always check the gross receipts tax rate schedule to see if the rate for your business location(s) has changed. Due to the frequency of tax rate changes, the department does not send out separate notices of those changes.

### **Business Location Determines Tax Rate**

Generally, the gross receipts tax rate is based on the business location of the seller or lessor, NOT on the location of the buyer or lessee. If your business is located in Albuquerque and you deliver or lease to someone in Santa Fe, you are liable for tax at the Albuquerque rate.

For reporting purposes, business locations are broken down by county and municipality on the tax rate schedule. Here are some guidelines for determining your business location:

1. If you are in the construction business, your tax rate is determined by the location of each construction project.
2. If you are in the business of selling real estate, your business location is the location of each property sold.
3. If you are a utility, your tax rate is determined by the location of the meter used to record the amount of service consumed by the customer or the location of telephone set. For cellular service it is the location of the customer's place of primary use.
4. If you are located in a municipality within a county, your rate is that of the municipality.
5. If you are outside any incorporated municipality, your rate is that of the county.
6. If you have more than one store within one municipality or county, i.e., three stores in Las Cruces, you have only one business location (Las Cruces) for reporting purposes.
7. If you have no business location in New Mexico but you have a resident salesperson, your business location is the location of the salesperson.
8. If you have no business location or resident salesperson but are liable for gross receipts tax (for instance, because you lease property used in New Mexico or perform a non-construction service in New Mexico), you are liable for tax at the rate for out-of-state businesses, the state gross receipts tax rate of 5%. Use the out-of-state business location code, 88-888.
9. If you have multiple business locations under one identification number, you should report the receipts for each location separately on a single CRS-1 Form and be sure the tax rate matches the location by checking the gross receipts tax rate schedule.
10. If you are a craftsman who sells at craft fairs where you rent a booth, because you can be expected to be found at the booth for the duration of the

fair, that booth is a business location and your tax rate is based on the location of the crafts fair.

11. If you are located outside New Mexico and sell research and development services the product of which is initially used in New Mexico, use the state rate, 5%. **Use the special business location code of 77-777 for those transactions only.**

12. In some counties, more than one location code exists for that part of the county outside all municipalities. Examples: State Fairgrounds in Bernalillo County, Santa Clara Pueblo in Rio Arriba and Santa Fe Counties and Moriarty Airport in Torrance County. Use the codes for these specific areas when your location is in one of them.

13. If you transact business with tribal non-members on tribal territory, use the tribal location of the sale or delivery rather than your principal business location if that tribe or pueblo has entered into a cooperative agreement with New Mexico. Evidence that a tribe or pueblo has entered into a cooperative agreement is a separate location listing on the Gross Receipts Tax Rate Schedule.

### **Determining Taxability of Gross Receipts**

Gross receipts are either taxable, exempt or deductible. If your receipts do not fall under any exemption or deduction, those receipts are taxable. The exemptions and deductions from gross receipts tax that follow are grouped in categories, i.e., agriculture, construction, governmental entity, for convenient reference. Where helpful we have included an example of the application of the exemption or deduction, and in cases where an exception to qualifying for the exemption or deduction exists, we have included the exception. Please refer to the Gross Receipts and Compensating Tax Act regulations for specifics on exemptions and deductions from gross receipts tax.

### **Exemptions from Gross Receipts Tax**

#### **What Is an Exemption?**

Exemptions from gross receipts tax are receipts which are not taxable and do not have to be reported. Therefore, if all your receipts are exempt, you do not have to register with the department for gross receipts tax purposes (you may have to register for withholding tax or to obtain nontaxable transaction certificates, though) nor do you have to report those receipts on the CRS-1 Form. However, if you have exempt, deductible and taxable receipts, you should register and report only the deductible and taxable receipts on the CRS-1 Form. For administrative purposes, receipts on which no state tax may be imposed because of federal preemption are considered exempt.

#### **Federal Preemption**

In some cases, federal law bars New Mexico from imposing its tax on transactions which, absent the preemption, would be subject to tax. For example, federal law prohibits the application of state and local gross receipts tax on many transactions with Indian nations, tribes or pueblos or their agencies or members if the transaction takes place on the tribe's territory. Receipts from transactions with non-members, even when on a tribe's territory, are not preempted. If you are uncertain whether preemption applies to your transaction(s), contact the department.

◆ **NOTE:** This preemption does not apply to taxes imposed by an Indian nation, tribe or pueblo.

New Mexico is also pre-empted from imposing:

1. Gross receipts tax on receipts of Job Corps contractors from operating any Job Corps center, program or activity;
2. Local option gross receipts taxes on receipts of a provider of direct satellite service from providing direct satellite service;
3. Gross receipts tax on receipts of federal and state credit unions.

### **List of Exemptions**

The following receipts are exempt from the gross receipts tax:

#### **Agricultural Exemptions**

1. Receipts from selling livestock or horses and the receipts of growers, producers and trappers from selling live poultry, unprocessed agricultural products (i.e., a bale of hay, a head of lettuce, an unroasted sack of green chile), hides or pelts (7-9-18).
  - ◆ Exception: receipts from selling dairy products at retail are not exempt.
  - ◆ **NOTE: this exemption also applies to governmental gross receipts tax.**
2. Receipts of persons from feeding or pasturing livestock (7-9-19).
  - ◆ Example: penning, handling or training livestock.

#### **Disabled Street Vendor Exemption**

Receipts of disabled street vendors from the sale of goods (7-9-41.3).

#### **Food Stamp Exemption**

Receipts of retailers from the redemption of food stamps (7-9-18.1).

#### **Governmental Entity Exemptions**

1. Receipts of the federal government, State of New Mexico, or any Indian nation, tribe or pueblo from activities or transactions occurring on its sovereign territory, or any agency or political subdivision of the foregoing, e.g., New Mexico cities, counties and public schools. Receipts of any foreign nation are exempt when exemption is required by treaty to which the United States is a party (7-9-13).
  - ◆ Exception: receipts of political subdivisions of the state from owning or operating a gas or electric utility or a municipal cable television system are not exempt.
  - ◆ **NOTE: certain receipts of the state and its subdivisions may be subject to governmental gross receipts tax (see p.1).**
2. Receipts of instrumentalities of the armed forces of the United States (7-9-31).
  - ◆ Example: receipts of base exchanges or post exchanges.
  - ◆ Exception: receipts of a concessionaire operating on a military base or federal area are not exempt.
3. Sales to Indian nations, tribes, or pueblos, or to their members, are exempt if the transaction takes place on the tribe's territory (see "Federal Preemption"

on p.3).

#### **Insurance Company and Bail Bondsman Exemption**

Receipts of insurance companies or their agents from premiums and receipts of property bondsmen from security for a bail bond (7-9-24).

#### **Interest and Dividend Exemption**

Interest on money loaned or deposited; dividends or interest from stocks, bonds or securities; and receipts from the sale of stocks, bonds or securities (7-9-25).

#### **Interstate Telecommunications Services Exemption**

Receipts from selling or providing interstate telecommunications services (7-9-38.1).

- ◆ **NOTE: these services are subject to the interstate telecommunications gross receipts tax.**

#### **Isolated or Occasional Sale Exemption**

Receipts from the isolated or occasional sale or leasing of property or service by a person who is not in the business of selling or leasing the same or similar property or service (7-9-28).

#### **Mobile Telecommunications Services Exemption**

Receipts of a home service provider from providing mobile telecommunications services to persons whose place of primary use is outside New Mexico, regardless of where the mobile telecommunications services originate, terminate or pass through (7-9-38.2).

#### **Municipal Event Center Exemption**

Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, broadcast revenues and all other products or services sold at or related to a municipal event center or related to activities occurring at the event center on which an event center surcharge is imposed pursuant to the Municipal Event Center Funding Act (7-9-13.5).

#### **Nonprofit Organization Exemptions**

1. Receipts of nonprofit entities from operating facilities designed and used for providing accommodations for retired elderly persons (7-9-16).
2. Receipts of 501(c)(3) organizations and receipts of 501(c)(6) organizations from conducting chamber of commerce, visitor bureau and convention bureau activities (7-9-29).
  - ◆ Exception: receipts from an unrelated trade or business are taxable.
3. Receipts from dues and registration fees of nonprofit social, fraternal, political, trade, labor or professional organizations and business leagues (7-9-39).
  - ◆ **NOTE: 501(c)(4) civic leagues, civic organizations and social welfare organizations are social organizations and included in this exemption.**
4. Receipts of a minister of a 501(c)(3) religious organization from performing religious services (7-9-41).

5. Receipts of homeowners' associations from membership fees, dues and assessments from owner-members to be used for tax, insurance and maintenance expenses for commonly owned areas and facilities (7-9-20).

### **Oil, Natural Gas and Mineral Exemptions**

1. Oil, natural gas or liquid hydrocarbons subject to the Oil and Gas Emergency School Tax Act that are sold for resale, for consumption outside New Mexico or for use as an ingredient or component part of a manufactured product (7-9-33).

2. Natural gas or liquid hydrocarbons subject to the Natural Gas Processors Tax Act that are sold for resale, for consumption outside New Mexico or for use as an ingredient or component part of a manufactured product (7-9-34).

3. Natural resources subject to the Resources Excise Tax Act that are sold for resale or for use as an ingredient or component part of a manufactured product (7-9-35).

4. Receipts from the sale or lease of oil, natural gas or mineral interests (7-9-32).

5. Receipts from the sale of oil, natural gas or liquid hydrocarbons consumed as fuel in the pipeline transportation of such products (7-9-36).

### **Out-of-State Services Exemption**

Receipts from services performed outside the state when the product of the service is initially used in New Mexico (7-9-13.1).

◆ Exception: receipts from performing a **research and development service** are not exempt unless the service is: sold between affiliated corporations; sold to the United States government by operators of national laboratories (other than 501(c)(3) organizations); or sold to persons (other than 501(c)(3) organizations) operating national laboratories.

### **Racetrack Exemption**

Receipts of horsemen, jockeys and trainers from race purses at New Mexico horse racetracks and receipts of racetracks from gross amounts wagered (7-9-40).

### **Stadium Exemption**

Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising merchandise, corporate suites or boxes, broadcast revenues and all other products, services or activities sold at, related to or occurring at a minor league baseball stadium on which a stadium surcharge is imposed under the Minor League Baseball Stadium Funding Act (7-9-13.3).

### **Textbook Exemption**

Receipts of certain bookstores from selling textbooks and other materials required for courses at a public post-secondary educational institution to a student enrolled at the institution (7-9-13.4).

◆ Requirement: bookstore must be located on the campus of the institution and operated by contract with the institution.

◆ Requirement: the student must present a valid student identification card.

### **Vehicle, Boat and Fuel Exemption**

1. Receipts from selling vehicles subject to the motor vehicle excise tax and vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-22).

◆ Exception: the sale of manufactured homes is subject to tax.

2. Receipts from selling boats subject to the boat excise tax (7-9-22.1).

3. Receipts from sales of gasoline, special fuel or alternative fuel on which the gasoline, special fuel excise or alternative fuel excise tax has been paid and not refunded (7-9-26).

4. Receipts from selling fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

5. Receipts from selling fuel to a common carrier to be loaded or used in a locomotive engine (7-9-110).

◆ NOTE: This exemption shall become effective July 1, 2009, if the Economic Development Department certifies to the Taxation and Revenue Department by January 1, 2009, that construction of a railroad locomotive refueling facility project has commenced. If this does not occur the effective date of this exemption would be July 1, 2010, if the above certification is made by January 1, 2010.

### **Wage Exemption**

Receipts of employees from wages and salaries (7-9-17).

◆ NOTE: commissions received as an employee are also exempt.

## **Deductions from Gross Receipts Tax**

### **What Is a Deduction?**

A deduction from gross receipts, like an exemption, results in an amount not subject to tax. However, unlike an exemption, **YOU MUST REPORT ON THE CRS-1 FORM BOTH THE GROSS RECEIPTS RECEIVED (in Column D) AND THE AMOUNT OF DEDUCTIONS YOU ARE ELIGIBLE TO CLAIM AGAINST THOSE GROSS RECEIPTS (in Column E).**

### **Substantiation Required to Support a Deduction**

The department requires taxpayers to retain substantiation in their records when claiming a deduction from gross receipts. That substantiation can be one of the following, depending on the deduction being claimed:

1. Nontaxable transaction certificate (see description below).

2. Farmer or rancher statement — a signed statement from a farmer or rancher declaring that the person is regularly engaged in the business of farming or ranching (used for agricultural deductions under 7-9-58, 7-9-62 and 7-9-109).

3. Jewelry manufacturer statement — a written statement declaring the purchaser is engaged in the business of manufacturing jewelry and will use the



property purchased in manufacturing jewelry (used only for jewelry manufacturing deduction under 7-9-74).

4. Out-of-state buyer certificate, Type NTTC-OSB (see description below).
5. Border state certificate, Type BSC (see description on p.6).
6. Multijurisdiction uniform sales and use tax certificate, Type MTC (see description on p. 6).
7. Solar energy deduction written statement - a written statement declaring the equipment or services purchased are for the exclusive use in the installation or operation of a solar energy system (use only for solar energy systems deduction; 7-9-112).
8. Other documents including invoices, purchase orders, contracts, etc. **but only when an NTTC is not required.** These documents cannot be used in place of NTTCs.

### Nontaxable Transaction Certificate (NTTC)

The NTTC is the **only** acceptable substantiation for certain deductions. The buyer obtains an NTTC from the Department to give to a seller. The NTTC entitles the seller to deduct those receipts when determining taxable gross receipts. In practice, this means the buyer is able to purchase goods and services free of the gross receipts tax that is usually passed on to the buyer. The seller must accept an NTTC in "good faith", reasonably confident that the buyer issuing the NTTC will use the property or service in the manner stated on the NTTC. The seller needs only ONE NTTC from each buyer to cover all transactions OF THE SAME TYPE with that buyer.

All taxpayers who wish to execute NTTCs are required to: 1) register with the Taxation and Revenue Department, and 2) complete the Application for Nontaxable Transaction Certificates or apply on-line. The Department may refuse to issue NTTCs to delinquent taxpayers until the delinquency is cleared. The taxpayer may request additional NTTCs online at: <http://ec3.state.nm.us/nttcnet/tplgon.aspx>

Starting January 1, 2004, the number of types of NTTCs is consolidated as follows:

- The Type 2 NTTC is good for transactions formerly requiring a Type 1, 2, 3 or 4 NTTC.
- The Type 5 NTTC is good for transactions formerly requiring a Type 5, 8 or 13 NTTC.
- The Type 6 NTTC is good for transactions formerly requiring a Type 6 or 7 NTTC.
- The Type 9 NTTC is good for transactions formerly requiring a Type 9 or 14 NTTC.
- The Type 15 NTTC remains as is.
- The Type 16 is good for transactions formerly requiring a Type 16 or Type D NTTC.
- The Type NTTC-OSB remains as is.

The Department stopped issuing Type 1, 3, 4, 7, 8, 13, 14 or Type D NTTCs as of January 1, 2004. The department will continue to recognize those NTTC types in audit situations when the seller has accepted the NTTCs in good faith, with reasonable confidence that the buyer executing the NTTC will use the property or service in the manner stated on the NTTC.

For more information on the use of NTTCs, please request FYI-204: Nontaxable Transaction Certificates on-line at [http://www.tax.state.nm.us/trd\\_pubs.htm](http://www.tax.state.nm.us/trd_pubs.htm) or request it from your local district tax office.

### Type NTTC-OSB

Unlike other NTTCs, which are obtained from the department by the buyer, the Type NTTC-OSB must be obtained by the seller. The New Mexico seller completes the Application for Nontaxable Transaction Certificates and the seller then provides the NTTC-OSBs to their out-of-state customers who:

- 1) are purchasing tangible personal property either for resale or for use as an ingredient or component part of a manufactured product, or
- 2) are purchasing a manufacturing service to be performed directly upon tangible personal property the purchaser is in the business of manufacturing, or ingredient or component parts thereof.

The buyer must provide all the required information on an NTTC-OSB and give it to the New Mexico seller who will keep it on file along with all other NTTCs the seller receives. The documentation requirements for accepting NTTC-OSBs should be carefully observed. See Out-of-State Buyer Deduction on p.10 for those requirements.

### Border State Certificate

New Mexico sellers may accept the Border State Certificate (BSC) from out-of-state buyers from Arizona, California, Oklahoma, Texas, Utah and the United States of Mexico not required to register in New Mexico who:

- 1) wish to buy goods for resale or incorporation as ingredients or components of a manufactured product, or
- 2) wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof, and
- 3) will transport the tangible personal property across state or national boundaries.

◆ NOTE: BSCs are not issued by New Mexico.

### Multijurisdiction Uniform Sales and Use Tax Certificate

New Mexico sellers may accept the Multijurisdiction Uniform Sales and Use Tax Certificate (MTC) from out-of-state buyers not required to register in New Mexico who:

- 1) wish to buy goods for resale or incorporation as ingredients or components of a manufactured product, or
- 2) wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof

◆ NOTE: MTCs are not issued by New Mexico.

### List of Deductions

A list of deductions from gross receipts is presented below along with any special requirements for claiming the deduction and specific documentation required to support the deduction (e.g. an NTTC). If your receipts do not fall under one of the deductible categories, you do not have any deductions from gross receipts. BUSINESS EXPENSES (that is, telephone and electric bills, supply purchases, etc.) ARE NOT DEDUCTIBLE FOR GROSS RECEIPTS TAX PURPOSES.

### Agricultural Deductions

1. Receipts from selling feed for livestock (including the bailing wire or

twine used to contain the feed), fish raised for human consumption, poultry or for animals raised for their hides or pelts, seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, germicides, insects used to control populations of other insects, fungicides or weedicides or water for irrigation to persons engaged in the business of farming or ranching and receipts of auctioneers from selling livestock or other agricultural products at auction (7-9-58).

◆ Requirement: farmer or rancher statement (not required for auctioneers).

◆ NOTE: includes feed for all horses.

2. Receipts from warehousing grain or other agricultural products and receipts from threshing, cleaning, growing, cultivating or harvesting agricultural products including the ginning of cotton, testing and transporting milk for the producer or nonprofit marketing association from the farm to a milk processing or dairy product manufacturing plant or processing for growers, producers or nonprofit marketing associations of other agricultural products raised for food and fiber, including livestock (7-9-59).

3. 50% of receipts from selling agricultural implements, farm tractors, or vehicles not required to be registered under the Motor Vehicle Code. The 50% deduction for receipts from sales of agricultural implements may be taken only on sales to persons engaged in the business of farming or ranching. An "agricultural implement" is defined as a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and that is:

a) designed to irrigate agricultural crops above ground or below ground at the place where the crop is grown; or

b) designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-62).

4. Receipts from sales of veterinary medical services, medicine or medical supplies used in the medical treatment of cattle if the sale is made to one of the following:

a) a person who is regularly engaged in the business of ranching or farming, including dairy farmers; or

b) a veterinarian who holds a valid license pursuant to the Veterinary Practice Act and who is providing veterinary medical services, medicine or medical supplies in the treatment of cattle owned by a person engaged in the ranching or farming business (7-9-109).

◆ Requirement: farmer or rancher statement.

### **Aircraft Deductions**

1. 50% of the receipts from selling aircraft (7-9-62).

◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.

2. Receipts of an aircraft manufacturer from selling:

a) aircraft or aircraft parts;

b) services performed on aircraft or aircraft components;

c) aircraft flight support, pilot training or maintenance training services (7-9-62).

◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.

3. Receipts from maintaining, refurbishing, remodeling or otherwise modi-

fying a commercial or military carrier over 10,000 gross landing weight (7-9-62.1).

4. From July 1, 2003, through June 30, 2012, 55% of the receipts from selling jet fuel for use in turboprop or jet engines. After June 30, 2012, 40% of the receipts from selling jet fuel for use in turboprop or jet engines (7-9-83).

### **Border Trade-Support Deduction**

Receipts of a trade-support company located in New Mexico within twenty miles of a port of entry on New Mexico's border with Mexico that are received within a five-year period beginning on the date the trade-support company locates in New Mexico (7-9-56.3).

◆ Requirement: trade-support company must locate to New Mexico after July 1, 2003, but before July 1, 2013.

◆ Requirement: the receipts must be received by the trade-support company within a five-year period beginning on the date the company locates in New Mexico and they must be derived from its business activities and operations at its border-zone location.

◆ Requirement: the trade-support company must employ at least two employees in New Mexico.

### **Boxing, Wrestling and Martial Arts**

Receipts from producing or staging professional boxing, wrestling or martial arts contests that occur in New Mexico (7-9-107).

### **Commission Deductions**

1. Receipts from commissions on sales of tangible personal property when the property sold is not subject to gross receipts tax and commissions of the owner of a dealer store for selling a principal's goods (7-9-66).

◆ NOTE: includes sales that are either exempt or deductible.

◆ Exception: commissions on sales or leases of real property or intangible property (i.e., stocks, bonds, licenses, tickets, or the lease of tangible property) are taxable.

2. Receipt of real estate commissions from the sale of real property which is subject to the gross receipts tax (i.e., new construction) (7-9-66.1).

◆ Exception: commissions associated with the sale of land, since those receipts are not subject to the gross receipts tax, may not be deducted.

3. Travel agents' commissions paid by maritime transportation companies, and interstate airlines, railroads and passenger buses for booking, referral, reservation or ticket services (7-9-76).

4. Receipts of lottery ticket retailers from commissions received on lottery ticket sales (7-9-87).

### **Construction Deductions**

1. Receipts from the sale of tangible personal property to a person in the construction business (7-9-51).

◆ Requirement: the tangible personal property by design and intent must become part of a construction project (so that while receipts from the sale of nails are deductible, those from selling a hammer are not).

◆ Requirement: upon its completion the construction project must be subject to the gross receipts tax.

◆ NOTE: Construction materials sold to a contractor for use in a construction



project on the tribal territory of an Indian nation, tribe or pueblo are deductible.

- ◆ NOTE: A contractor who is an accrual-basis taxpayer must pay the gross receipts tax on progress payments as they are received.
- ◆ Requirement: Type 6 NTTC.

2. Receipts from the sale of subcontracting services to a person in the construction business (7-9-52).

- ◆ Exception: indirect services, such as accounting, architectural, engineering, drafting, bid depository services and plan room services are not construction services.
- ◆ Requirement: upon its completion the construction project must be subject to the gross receipts tax.
- ◆ NOTE: Construction services sold to a contractor for use in a construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.
- ◆ Requirement: Type 6 NTTC.

3. Receipts from sales of engineering, architectural and construction services to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-99).

- ◆ Requirement: The deduction may only be taken if the foundation or nonprofit organization has made a written agreement with a county to pay at least 95 percent of the new facility construction costs and executes an appropriate nontaxable transaction certificate (Type 5 NTTC for engineering and architectural services and a Type 6 for construction services) or delivers evidence that such a written agreement has been made.

4. Receipts from sales of construction equipment or construction materials to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-100).

- ◆ Requirement: The deduction may only be taken if the foundation or nonprofit organization has made a written agreement with a county to pay at least 95 percent of the construction costs and executes an appropriate nontaxable transaction certificate (Type 2 NTTC for construction equipment and a Type 6 NTTC for the construction materials) or delivers evidence that such a written agreement has been made.

5. Receipts from military construction services provided at New Mexico military installations to implement Special Operations Mission Transitions Projects pursuant to contracts entered into with the U.S. Department of Defense (7-9-106).

- ◆ Requirement: the military installation must be located in Curry County.
- ◆ Requirement: this deduction would apply to reporting periods from July 1, 2007, through December, 2010.

6. Receipts from the sale of construction materials to a 501(c)(3) organization organized for the purpose of providing homeownership opportunities to low-income families (7-9-60).

- ◆ Requirement: Type 9 NTTC.

#### **Credit Union Deduction (Sale to)**

1. Receipts from selling tangible personal property to federally chartered credit unions.

- ◆ Requirement: Type 9 NTTC or other proof.

2. Receipts from selling tangible personal property to state-chartered credit

unions (7-9-61.2).

- ◆ Requirement: Type 9 NTTC or other proof.
- ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

#### **Electrical Transmission and Storage Facility Deductions**

1. Receipts from selling equipment to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority (7-9-101).

- ◆ Requirement: the equipment must be installed as part of an electric transmission facility or an interconnected storage facility.

2. Receipts from providing services to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority. Qualified services include: planning, installation, repair, maintenance or operation of an electric transmission facility or an interconnected storage facility (7-9-103).

#### **Film Lease Deduction**

Receipts from leasing theatrical and television films and tapes to movie theaters or similar facilities when the theater's receipts are subject to gross receipts tax (7-9-76.2).

#### **Filmmaker Deduction (Sale to)**

Receipts from selling or leasing property and from performing services that qualify as production costs of qualified production companies (7-9-86).

- ◆ Requirement: buyer must submit proof of registration as a qualified production company with the New Mexico film division of the economic development department.
- ◆ Requirement: Type 16 NTTC.
- ◆ NOTE: This deduction is not available to film production companies taking the film production tax credit. For more information on the film production tax credit, request publication FYI-106 from your local district office or from our website: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

#### **Food Deduction**

Receipts from qualifying food sales at retail food stores as defined under the federal food stamp program (7-9-92).

- ◆ Exception: sales of alcoholic beverages, tobacco and prepared hot foods for immediate consumption are not deductible.
- ◆ NOTE: special reporting is required for this deduction, see instructions for completing the CRS-1 Form in this kit.

#### **Governmental Entity Deduction (Sale to)**

1. Receipts from selling tangible personal property to a U.S. or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant (7-9-54).

- ◆ Exception: does not include materials sold to a U.S. or New Mexico governmental entity that will be incorporated into a construction project.
- ◆ **NOTE: When a seller in good faith deducts receipts from the sale of construction material to a government after receiving written assurances from the government that the property will not be used in a construction project, the department is barred from assessing the seller gross receipts tax on those receipts. However, the department may assess the buyer for compensating tax if the materials are**

### **subsequently used in a construction project.**

- ◆ Exception: does not include leasing of property or licenses or the performance of services.
- ◆ Exception: not applicable to other states' governmental entities (i.e., Texas, Colorado, Arizona, etc.).
- ◆ Requirement: either a Type 9 NTTC or proof that payment was from a U.S. or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo.
- ◆ NOTE: includes receipts from selling tangible personal property to the American National Red Cross.
- ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

2. Receipts from selling or leasing property to, or from performing services for accredited foreign missions or diplomats (7-9-89).

- ◆ Requirement: Type 16 NTTC.

3. Receipts from selling wind generation nacelles, rotors or related equipment to a U.S. or New Mexico governmental entity (7-9-54.3).

- ◆ Requirement: the wind generation equipment must be installed on a supporting structure.

4. Receipts from the sale of property or services purchased by, or on behalf of, the state of New Mexico (7-9-97).

- ◆ Requirement: the purchases must be made with funds obtained from the forfeiture of financial assurance pursuant to the New Mexico mining Act or the Water Quality Act.

### **Gross Receipts Tax Holiday Deduction**

Receipts from retail sales of specified tangible personal property if the sale of the property occurs during the period between 12:01 a.m. on the first Friday in August and ending at midnight the following Sunday (7-9-95).

- ◆ Requirement: this deduction applies only to receipts from sales of the following items:

- Clothing or shoes sold for less than \$100;
- Desktop, laptop or notebook computers sold for no more than \$1,000 and any associated monitor, speaker or set of speakers, printer, keyboard, microphone or mouse sold for no more than \$500;
- School supplies normally used by students in a standard classroom for educational purposes, including notebooks, paper, writing instruments, crayons, art supplies, rulers, book bags, backpacks, handheld calculators, maps and globes, but not including watches, radios, compact disc players, headphones, sporting equipment, portable or desktop telephones, copiers, office equipment, furniture or fixtures.

- ◆ Exception: this deduction does not apply to receipts from sales of the following items:

- Special clothing or footwear worn for athletic activities or protective use;
- Accessories, including jewelry, handbags, luggage, umbrellas, wallets and watches.

- ◆ NOTE: a separate form reporting receipts specific to this deduction, RPD-41299, will be required along with the CRS-1 Form. RPD-41299 is available at your local district tax office or online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

### **Internet Deductions**

1. Receipts from the sale of a service or property through the Internet to a person with a billing address outside New Mexico (7-9-57.1).

2. Receipts from hosting web sites (7-9-56.2).

3. Receipts from providing telecommunications, Internet or Internet access services to Internet Service Providers (ISPs) (7-9-56.1).

- ◆ NOTE: receipts of ISPs from providing access or other services (except hosting) to ultimate users are not deductible.

### **Interstate Commerce Deductions**

1. Receipts from transactions in interstate commerce and from sales of radio or television broadcast time if the ultimate buyer is a national or regional advertiser (7-9-55).

- ◆ NOTE: retail sales to out-of-state buyers who place orders from out of state, accept delivery out of state, and title and risk of loss pass to buyer out of state are deductible.
- ◆ Exception: commissions of advertising agencies are not deductible.

- ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

2. Receipts from intrastate transporting of persons or property if under a single contract for transportation in interstate or foreign commerce (including handling, storage, drayage or packing) (7-9-56).

3. Receipts from leasing vehicles used by persons required to have federal authority to transport passengers or property for hire in interstate commerce (7-9-70).

- ◆ NOTE: this deduction is available to the lessor, not the lessee.

### **Leasing Deductions**

1. Receipts from the sale of tangible personal property or licenses for leasing (7-9-49).

- ◆ Exception: receipts from the sale of coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.
- ◆ Requirement: Type 2 NTTC.

2. Receipts from leasing tangible personal property or licenses for subsequent lease (7-9-50).

- ◆ Exception: receipts from leasing coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.
- ◆ Requirement: Type 2 NTTC.

### **Loan Charges Deduction**

Receipts from charges made in connection with the origination, making or assumption of a loan or from charges made for handling loan payments (7-9-61.1).

- ◆ Exception: the receipts of an escrow agent are not deductible from gross receipts.

### **Lottery Retailer Deduction**

Receipts of a lottery game retailer from selling New Mexico lottery tickets (7-9-87).

## **Manufactured Home Resale Deduction**

Receipts from the resale of a manufactured home which was subject to gross receipts, compensating or motor vehicle excise tax on its original sale or use in New Mexico (7-9-76.1).

- ◆ Requirement: proof of payment of one of the above-mentioned taxes.

## **Manufacturing Deductions**

1. Receipts from selling tangible personal property to persons in the manufacturing business (7-9-46).

- ◆ Requirement: tangible personal property must become an ingredient or component part of the manufactured product.

- ◆ Requirement: person must own the product to be considered a manufacturer.

- ◆ Requirement: Type 2 NTTC, NTTC-OSB, MTC or BSC.

- ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

2. Receipts from selling the service of combining or processing materials to a manufacturer (7-9-75).

- ◆ Requirement: service must be performed directly on the product being manufactured.

- ◆ Requirement: Type 5 NTTC, NTTC-OSB, MTC or BSC.

3. Receipts from selling tangible personal property to be used in the manufacture of jewelry (7-9-74).

- ◆ Requirement: deduction may not exceed \$5000 per purchaser during a twelve-month period.

- ◆ Requirement: jewelry manufacturer statement; if sales exceed \$5,000 in twelve-month period, a Type 2 NTTC, NTTC-OSB, MTC or BSC is needed.

## **Medical Deductions**

1. Receipts from the sale of prescription drugs, oxygen and oxygen services provided by a licensed Medicare durable medical equipment provider (7-9-73.2).

- ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

2. Receipts from selling prosthetic devices to persons licensed to practice medicine, osteopathy, dentistry, podiatry, optometry, chiropractic or professional nursing (7-9-73).

- ◆ NOTE: includes contact lenses, eyeglasses (frame and lens glass) sold to ophthalmologists and optometrists.

- ◆ Exception: does not include property used in making dentures and supplies such as silver, orthodontia wire, facings and similar items sold to dentists.

- ◆ Requirement: Type 2 NTTC.

- ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

3. 50% of receipts of hospitals may be deducted (7-9-73.1).

- ◆ Requirement: this deduction may be taken only after all other available deductions.

4. Receipts from Medicare received by:

- 1) medical doctors, osteopathic physicians, doctors of oriental medicine, athletic trainers, chiropractic physicians, counselor and therapist

practitioners, dentists, massage therapists, naprapaths, nurses, nutritionists, dietitians, occupational therapists, optometrists, pharmacists, physical therapists, psychologists, radiologic technologists, respiratory care practitioners, audiologists, speech-language pathologists, social workers and podiatrists for providing medical and other health and pain-relieving services to Medicare beneficiaries;

- 2) a hospice for providing medical, other health and pain-relieving services to Medicare beneficiaries;

- 3) a clinical laboratory for medical services to Medicare beneficiaries;

- 4) a home health agency for medical, other health and pain relieving services to Medicare beneficiaries;

- 5) a nursing home for medical, other health and palliative services (7-9-77.1).

5. Receipts of medical doctors and osteopathic physicians from payments by a third-party administrator of the federal TRICARE program (7-9-77.1).

- ◆ Requirement: receipts must be from providing medical and other health services.

6. Receipts of licensed health care practitioners from payments by managed health care providers or health care insurers for commercial contract services or Medicare Part C services provided by a health care practitioner (7-9-93).

- ◆ Exception: receipts from fee-for-service payments, co-payments or any other payments by the patient are not deductible.

- ◆ Exception: receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Act are not deductible under this section.

- ◆ NOTE: special reporting is required for this deduction. Please see instructions for completing the CRS-1 form in this kit.

7. Receipts of a medical doctor or osteopathic physician from payments by or on behalf of the Indian Health Service of the U.S. Department of Health and Human Services for the provision of medical and other health services to covered beneficiaries (7-9-77.1).

8. Receipts from selling vision aids, hearing aids or related services (7-9-111).

- ◆ Exception: receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Tax Act are not deductible under this section.

## **Mining, Milling or Oil Company Deductions**

Receipts from selling chemicals or reagents to any mining, milling or oil company for use in processing ores or oil in a mill, smelter or refinery or in acidizing oil wells, and receipts from selling chemicals or reagents in lots in excess of eighteen tons (7-9-65).

- ◆ Exception: receipts from selling explosives, blasting powder or dynamite are not deductible.

## **Nonathletic Special Event Deduction**

Receipts from admissions to nonathletic special events held at a venue that is located on the campus of a post-secondary school within 50 miles of the New Mexico border that holds at least 10,000 people (7-9-104).

- ◆ Requirement: to be eligible, receipts must be received between July 1, 2007, and June 30, 2012.

### **Nonprofit Organization Deduction (Sale to)**

1. Receipts from selling tangible personal property to 501(c)(3) organizations for use in their exempt functions (7-9-60).
  - ◆ Exception: materials included as part of a construction project and construction services provided by a construction contractor are not deductible unless the organization is providing homeownership opportunities to low-income families (Subsection B of Section 7-9-60).
  - ◆ Exception: leasing of tangible personal property or licenses or performance of construction or other services is not deductible.
  - ◆ Requirement: Type 9 NTTC.
  - ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**

2. Receipts from selling construction materials and metalliferous mineral ore to 501(c)(3) organizations (7-9-60).
  - ◆ Requirement: the 501(c)(3) organization must be organized for the purpose of providing homeownership opportunities to low-income families.
  - ◆ Requirement: Type 9 NTTC.

### **Nonprofit Organization Deduction (Sale By)**

- Organizations exempt from federal income tax under Section 501(c) of the Internal Revenue Code may deduct the receipts from two fund-raising events each calendar year (7-9-85).
- ◆ Exception: this deduction is not available to 501(c)(3) organizations.

### **Out-of-State Buyer Deduction (Sale to)**

- Receipts from the sale of tangible personal property either for resale or for use as an ingredient or component part of a manufactured product or from purchasing a manufacturing service that will be performed directly upon tangible personal property to a customer located outside of New Mexico.
- ◆ Requirement: buyer must provide proof the buyer is in the business of reselling the property purchased or manufacturing a product containing the property or service purchased.
  - ◆ Requirement: buyer is not required to be registered in New Mexico.
  - ◆ Requirement: buyer must be registered to pay sales, gross receipts or a similar type tax with the taxing authority in the buyer's business location.
  - ◆ Requirement: Type NTTC-OSB, BSC or MTC.

### **Property Resale Deduction**

- Receipts from sales of tangible personal property or licenses for resale (7-9-47).
- ◆ Requirement: Type 2 NTTC, NTTC-OSB, MTC or BSC.
  - ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**
  - ◆ NOTE: Type NTTC-OSB or BSC for sales of tangible personal property only to buyers not required to be registered in New Mexico.
  - ◆ NOTE: includes receipts from selling tangible personal property to a qualified federal contractor or subcontractor who has entered into a service contract with one of the U.S. agencies that signed a special agreement between New Mexico and the U.S. government. If criteria listed in the agreement are met, the federal contractor or subcontractor may execute Type 15 NTTCs with its vendors.

### **Publisher's Deductions**

1. Receipts from publishing newspapers or magazines (7-9-63).
  - ◆ Exception: receipts from selling advertising space are not deductible.
  - ◆ Exception: receipts from selling magazines at retail are not deductible.
2. Receipts from selling newspapers (7-9-64).
  - ◆ Exception: receipts from selling advertising space are not deductible.

### **Real Estate Deductions**

1. Receipts from the sale or lease of real property, which includes the land and anything permanently affixed thereto, from the lease of a manufactured home for at least one month and from the rental of space for a manufactured home or recreational vehicle for at least one month (7-9-53).
  - ◆ NOTE: receipts attributable to the inclusion of furniture or appliances as part of the lease of a dwelling are deductible.
  - ◆ Exception: receipts from the rental of manufactured homes, or spaces for recreational vehicles or manufactured homes for periods of less than a month are not deductible.
  - ◆ Exception: receipts from the rental of rooms in hotels, motels, rooming houses, campgrounds, and guest ranches regardless of the rental time period are not deductible.
  - ◆ Exception: this deduction does not apply to improvements constructed on the land by a construction contractor.
2. Receipt of real estate commissions from the sale of real estate which is subject to the gross receipts tax (i.e., new construction) (7-9-66.1).
  - ◆ Requirement: the person claiming the deduction must submit to the department evidence to substantiate the deduction.
  - ◆ Exception: commissions associated with the sale of land are not deductible since receipts from the sale of land are not subject to the gross receipts tax.
  - ◆ NOTE: the tax rate for real estate commissions is the rate for the location of the property being sold.

### **Refund and Allowance Deduction**

- Refunds and allowances made to buyers and amounts written off the books as uncollectible debts by accrual-basis taxpayers (7-9-67).
- ◆ Requirement: deduction must be taken in month refund or allowance is given.
  - ◆ Requirement: deduction cannot exceed gross receipts for a given report period. Excess may be carried forward.
  - ◆ Requirement: the gross receipts tax must have been paid on the initial transaction.
  - ◆ Requirement: only accrual-basis taxpayers may deduct amounts written off the books as uncollectible debts, i.e., sales previously reported as taxable receipts for which payment has not been received.
  - ◆ Example: when you register with the department, we ask you to choose your accounting method based on how you post your receipts into your books. If you post charge sales as receipts when you actually receive payment, you use the cash-basis accounting method; if you post charge sales as receipts when you bill them, you use the accrual-basis accounting method.
  - ◆ **NOTE: this deduction can also be taken from governmental gross receipts tax.**



## **Service Provider Deductions**

1. Receipts from the sale of services for resale (7-9-48).
  - ◆ Requirement: subsequent sale must be subject to the gross receipts tax or governmental gross receipts tax.
  - ◆ Requirement: seller must be in the business of selling the same or a similar service to that being purchased.
  - ◆ Requirement: Type 5 NTTC.
2. Receipts from the sale of a service to an out-of-state buyer (7-9-57).
  - ◆ Requirement: the out-of-state buyer must accept delivery and make initial use of the product of the service outside New Mexico.
  - ◆ Requirement: Type 5 NTTC or other evidence to support deduction.
3. Receipts of a business entity from an affiliate for performing administrative, managerial, accounting and customer services or sharing office machines and facilities (7-9-69).
  - ◆ Requirement: must be on a nonprofit or cost basis.
  - ◆ NOTE: an affiliate is a business entity that directly or indirectly through one or more intermediaries controls is controlled by or is under common control with another business entity.
4. Receipts from the sale to a 501(c)(3) organization (other than a national lab) or the United States, of aerospace services (7-9-54.1).
  - ◆ Requirement: Type 5 NTTC.
5. Receipts from operating a spaceport; launching, operating or recovering space vehicles or payloads; preparing a payload; or research, development, testing and evaluation services for the U.S. Air Force Operationally Responsive Space Program (7-9-54.2).
6. Receipts from the sale of software development services that are performed in a qualified area by an eligible software company (7-9-57.2).
  - ◆ Requirement: only a taxpayer who is not a successor in business of another taxpayer and whose primary business in New Mexico is established after July 1, 2002, is eligible for this deduction.
  - ◆ Requirement: the software development services must be performed outside the municipal boundaries of Albuquerque, Las Cruces, Santa Fe and Rio Rancho.
  - ◆ Exception: does not include software implementation or support services.
7. Receipts from military transformational acquisition programs performing research and development, test and evaluation services at New Mexico major range and test facility bases (7-9-94).
  - ◆ **NOTE: this deduction is only available through June 30, 2016.**
  - ◆ Exception: this deduction does not apply to receipts of a prime contractor operating facilities designated as a national laboratory by act of congress or to current force programs as of July 1, 2005.
8. Receipts from fees received for performing management or investment advisory services for a mutual fund, hedge fund or real estate investment trust (7-9-108).

## **Solar Energy Systems Deduction**

Receipts from the sale or installation of solar energy systems (7-9-112).

- ◆ Requirement: A person claiming this deduction must be able to provide evidence or a written statement from the buyer that the equipment or

installation services being purchased are for the exclusive use in the installation and operation of a solar energy system.

## **Telecommunications Deduction**

Receipts from telephone access charges paid by other telephone carriers (7-9-56).

- ◆ NOTE: receipts of telephone companies from providing interstate and foreign telecommunication services are exempt from gross receipts tax but subject to the interstate telecommunications gross receipts tax. Hotels and motels are not telephone companies and therefore are subject to gross receipts tax.

## **Trade-In Deduction**

Receipts from a trade-in of tangible personal property (7-9-71).

- ◆ Requirement: property traded in must be the same type as that being sold.
- ◆ Exception: does not include manufactured homes.

## **Uranium Enrichment Plant Deduction**

Receipts from selling enriched uranium or from enriching uranium (7-9-90).

## **Warranty Fulfillment Deduction**

Receipts of a dealer from furnishing goods or services to fulfill a manufacturer's warranty obligation (7-9-68).

- ◆ Exception: receipts of warranty subcontractors may not be deducted since they are not dealers.

## **COMPENSATING TAX**

### **What Is Compensating Tax?**

Compensating tax is an excise tax imposed on persons using property or services in New Mexico as described below (7-9-7).

Compensating tax is designed to protect New Mexico businesses from unfair competition from out-of-state businesses not subject to gross receipts tax.

“Use” means use, consumption or storage other than storage for subsequent sale in the ordinary course of business or storage for use solely outside New Mexico [7-9-3(N)].

### **Compensating Tax Is Levied on Property**

The following property is subject to compensating tax:

1. Property that was acquired outside New Mexico for use in this state, if the sale of the property would have been taxable had it occurred in New Mexico (7-9-7).
  - ◆ Example: A New Mexico business purchases for its own use computer floppy disks and printer ribbons from a mail order firm in New Jersey that delivers the order by common carrier to the buyer's New Mexico business location. The buyer must pay compensating tax on the value of these products, plus any freight, delivery and handling charges billed by the seller.
  - ◆ NOTE: although the compensating tax is still due on transactions described above, if the buyer is an individual and the item purchased is for personal use the department will not take action against the individual to collect

the tax unless the item is a manufactured home (7-9-7.1). The department will continue to take action when the tax is due on purchases by businesses and when businesses have a duty to collect and remit the tax.

2. Property that was acquired in a nontaxable transaction but subsequently was converted to use by the person instead of being used in a nontaxable manner (7-9-7).

◆ Example: Agrocere has issued an NTTC to a baker for the purchase of bread for resale. The grocer takes a loaf of bread home for her own consumption. The grocer is liable for compensating tax on the value of the loaf of bread because it was converted to use by the grocer instead of being resold.

◆ Example: A boot manufacturer has issued NTTCs to various vendors of items such as leather that he uses to make boots. The manufacturer gives one of the pairs of boots to his daughter. The manufacturer converted the boots to his own use instead of selling them. The manufacturer is liable for compensating tax on the value of the boots that he gave to his daughter.

### **Compensating Tax Is Levied on Services**

Services that were acquired in a nontaxable transaction but subsequently were converted to use instead of being used in a nontaxable manner are subject to the compensating tax (7-9-7).

◆ Example: A contractor issues NTTCs to subcontractors for the purchase of construction services which he uses to build a house. Instead of selling the completed house, the contractor moves into it. Because the contractor has converted the house to his own use, he is liable for compensating tax on the value of the construction services he purchased with NTTCs.

### **What Is the Compensating Tax Rate?**

The compensating tax rate is 5% of the value of the property or service at the time of acquisition or introduction into New Mexico or at the time of conversion to use, whichever is later.

The **value of tangible personal property** is the adjusted basis of the property for federal income tax purposes determined as of the time of acquisition or introduction into this state or of conversion to use, whichever is later. If no adjusted basis for federal income tax purposes is established for the property, a reasonable value of the property shall be used (7-9-7). The **value of services** is the total amount of money or other consideration paid for the service unless the reasonable value is greater than the actual amount paid, in which case value would be the reasonable value (7-9-8).

### **Who Has the Liability for Compensating Tax?**

1. **Buyer or User** - Unlike gross receipts tax, liability for compensating tax rests with the buyer or user rather than the seller. The buyer has met the tax obligation, however, if the buyer paid compensating tax to a seller who is an agent for the collection of compensating tax. The compensating tax must be separately stated on the invoice to verify payment (7-9-9).

2. **Agent for the Collection of Compensating Tax** - Persons selling property or property and service for use in New Mexico who are not liable for gross receipts tax on the sales may be liable to collect compensating tax for the state if the person is carrying on or causing to be carried on any business activity in New Mexico (7-9-10).

## **Exemptions From Compensating Tax**

Transactions exempt from compensating tax do not have to be reported on the CRS-1 Form.

### **Electricity Exemption**

The use of electricity in the production and transmission of electricity (7-9-38).

### **Fuel Exemptions**

1. The use of gasoline, special fuel or alternative fuel on which the gasoline tax (7-13-3), special fuel excise tax (7-16A-3) or alternative fuel excise tax (7-16B-4) has been paid and not refunded (7-9-26).

2. The use of oil, natural gas, liquid hydrocarbons or any combination of these as fuel consumed in the pipeline transportation of any of these products (7-9-37).

3. The use of fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

4. The use of fuel to be loaded or used by a common carrier in a locomotive engine (7-9-41.2).

◆ NOTE: This exemption shall become effective July 1, 2009, if the Economic Development Department certifies to the Taxation and Revenue department by January 1, 2009, that construction of a railroad locomotive refueling facility project has commenced. If this does not occur the effective date of this exemption would be July 1, 2010, if the above certification is made by January 1, 2010.

### **Governmental Entity Exemptions**

1. The use of property by the U.S. Government or one of its agencies or the state of New Mexico or one of its agencies or political subdivisions (7-9-14).

◆ Exception: the use of property by a New Mexico political subdivision that is or will be incorporated into a metropolitan redevelopment project created under the Metropolitan Redevelopment Code is not exempt.

◆ Exception: the use of construction materials -- tangible personal property that becomes or is intended to become an ingredient or component part of a construction project -- is not exempt.

2. The use of property on Indian reservations or pueblo grants by the governing body, agency or subdivision of an Indian nation, tribe or pueblo (7-9-14).

3. The use of property by any instrumentality of the United States Armed Forces engaged in resale activities (7-9-31).

### **Nonprofit Organization Exemptions**

The use of property by organizations that have been granted tax exemption under Section 501(c)(3) of the Internal Revenue Code as long as the property is used in the conduct of their exempt functions (7-9-15).

◆ Exception: property used in an unrelated trade or business as defined in Section 513 of the Internal Revenue Code and property used as an ingredient or component part of a construction project are not exempt.

### **Personal and Household Effects Exemption**

The use by an individual of personal or household effects brought into New Mexico at the time the individual establishes an initial residence in this state (7-9-27).

◆ NOTE: includes the nonbusiness use of property in New Mexico by a nonresident while temporarily in this state.

### **Railroad, Aircraft and Space Vehicle Exemptions**

1. The use of railroad locomotives, trailers, containers, tenders or cars procured or bought for use in railroad transportation (7-9-30).

2. The use of commercial aircraft bought or leased primarily for use in the transportation of passengers or property for hire in interstate commerce (7-9-30).

3. The use of space vehicles for transportation of persons or property in, to or from space (7-9-30).

### **Vehicles and Boats Exemptions**

1. The use of vehicles on which the motor vehicle excise tax has been paid and the use of vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-23).

2. The use of vehicles subject to registration with the Motor Vehicle Division under Section 66-3-16 (special registration for disabled persons) (7-9-23).

3. The use of boats on which the boat excise tax (66-12-6.1) has been paid (7-9-23.1).

### **Deductions From Compensating Tax**

Deductions from compensating tax, unlike deductions from gross receipts tax, do not have to be reported on the CRS-1 form but records substantiating the deduction should be kept in the taxpayer's records.

### **Agricultural Implements, Aircraft, Vehicles Deduction**

1. 50% of the value of farm tractors, aircraft not exempted under 7-9-30 and vehicles not required to be registered under the Motor Vehicle Code may be deducted from total value before computing compensating tax due. Also 50% of the value of agricultural implements may be taken by persons engaged in the business of farming or ranching. An "agricultural implement" is defined to be a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-62).

◆ Requirement: any trade-in deduction (7-9-71) must be taken before taking this 50% deduction.

2. From July 1, 2003, through June 30, 2012, 55% of the receipts from selling jet fuel for use in turboprop or jet engines. After June 30, 2012, 40% of the receipts from selling for use in turboprop or jet engines (7-9-84).

### **Biomass-Related Equipment Deduction**

1. The value of a biomass boiler, gasifier, furnace, turbine-generator, storage

facility, feedstock processing or drying equipment, feedstock trailer or inter-connection transformer may be deducted in computing the compensating tax due (7-9-98).

2. The value of biomass materials used for processing into biopower, biofuels or biobased products may be deducted in computing the compensating tax due (7-9-98).

### **Electric Transmission and Storage Facility Deduction**

The value of equipment installed as part of an electric transmission facility or an interconnected storage facility acquired by the New Mexico Renewable Energy Transmission Authority may be deducted in computing compensating tax due (7-9-102).

### **Government Deduction (Contribution to)**

The value of tangible personal property that is removed from inventory and contributed to a U.S. or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant may be deducted in computing the compensating tax due (7-9-91).

◆ Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.

◆ Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

### **Leasing Deduction**

The value of tangible personal property held for leasing by a person engaged in the business of selling or leasing the same type property may be deducted before computing compensating tax due (7-9-78).

◆ Requirement: the person must be engaged in a business which derives a substantial portion of its receipts from leasing or selling tangible personal property of the type leased.

◆ Requirement: the person cannot use the tangible personal property in any manner other than holding it for lease or sale.

◆ Requirement: the person cannot use the tangible personal property in a manner incidental to the performance of a service.

◆ Exception: the value of furniture or appliances furnished as part of a leased or rented dwelling by the lessor, coin-operated machines and manufactured homes may not be deducted.

### **Nonprofit Organization Deduction (Contribution to)**

The value of tangible personal property that is removed from inventory and contributed to 501(c)(3) organizations, may be deducted in computing the compensating tax due (7-9-91).

◆ Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.

◆ Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

◆ Requirement: the tangible personal property must be deductible by contributor for federal income tax purposes.

### **Space-Related Test Article Deduction**

1. The value of space-related test articles used in New Mexico exclusively for research or testing, placing on public display after research or testing or storage



for future research, testing or public display, may be deducted in computing compensating tax due (7-9-54.4).

◆ Exception: this deduction does not apply to any other use of space-related test articles.

2. The value of equipment and materials used in New Mexico for research or testing, or for supporting the research or testing of space-related test articles or for storage of such equipment or materials for research or testing, or supporting the research and testing of space-related test articles may be deducted in computing compensating tax due (7-9-54).

◆ Exception: this deduction does not apply to any other use of such equipment and materials.

◆ NOTE: a space-related test article is a material or device intended to be used primarily in research or testing to determine properties and qualities of material or properties, qualities or functioning of a device or technology when the principal use of the material, device or technology is intended to be in space or as part of, or associated with, a space vehicle.

### **Test Article Deduction**

The value of test articles upon which research or testing is conducted in New Mexico pursuant to a contract with the United States department of defense may be deducted in computing the compensating tax due (7-9-54.5).

◆ NOTE: a test article is a material or device upon which research or testing is conducted to determine the properties and qualities of the material or the properties, qualities or functioning of the device or a technology used with the device.

◆ Exclusion: this deduction does not apply to the value of property purchased by a prime contractor operating a facility designated as a national laboratory by an act of congress.

### **Trade-In Allowance Deduction**

The value of the allowance given to a buyer for a trade-in of the same type tangible personal property being purchased may be deducted from the value of the property sold before computing compensating tax due (7-9-77).

### **Uranium Enrichment Plant Deduction**

The value of equipment and replacement parts used to enrich uranium in a uranium enrichment plant (7-9-78.1).

## **CRS TAX CREDITS**

These 16 credits, explained in detail in the next section of this publication, are available to CRS taxpayers:

1. The investment credit may be applied against the state gross receipts (excluding local option gross receipts taxes), compensating or withholding tax liability.

2. The rural jobs tax credit may be applied against taxes due on the CRS-1 form, excluding local option gross receipts taxes, or against personal or corporate income tax liability.

3. The laboratory partnership with small business tax credit may only be claimed by national laboratories operating in New Mexico and is applied against gross receipts taxes due up to \$2,400,000 excluding local option gross receipts taxes.

4. The technology jobs tax credit: the basic credit may be applied against gross receipts, compensating or withholding tax; the additional credit may be applied against personal or corporate income tax liability.

5. Sales or use tax paid to another state may be applied against compensating tax liability.

6. The gross receipts tax credit is available when the product of a research and development service performed outside New Mexico is initially used in New Mexico and the service has been taxed through a gross receipts, sales or similar tax in another state.

7. Compensating tax paid on construction projects may be applied against gross receipts tax liability.

8. The high-wage jobs tax credit may be claimed by eligible employers against gross receipts, compensating, withholding tax and other CRS taxes, except local option gross receipts taxes. The excess is refundable to the taxpayer when the credit is more than the tax liability.

9. The sale of service for resale tax credit may be applied against gross receipts tax or governmental gross receipts tax liability.

10. The research and development small business tax credit may be claimed by qualified research and development small businesses and is applied against gross receipts, compensating or withholding tax liability.

11. The affordable housing tax credit may be applied against gross receipts, compensating, withholding, personal income or corporate income tax liability through the sale or transfer of vouchers issued by the Mortgage Finance Authority.

12. The hospital credit may be claimed by hospitals licensed by the New Mexico Department of Health against gross receipts tax. This credit is phased-in over a four-year period.

13. The biodiesel blending facility tax credit may be claimed by a rack operator against gross receipts and compensating taxes for 30 percent of the cost of purchasing or installing biodiesel blending equipment.

14. A tax credit, phased-in over three years, for unpaid charges for services provided in a hospital may be claimed by a licensed medical doctor or licensed osteopathic physician against gross receipts taxes.

15. The advanced energy tax credit may be claimed by an interest owner for their expenditures for the development and construction of a new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility.

16. The alternative energy products manufacturing tax credit may be claimed against gross receipts, compensating, withholding tax and other CRS taxes, except local option gross receipts taxes. The excess credit may be carried forward for up to five years.

17. A credit for penalties paid pursuant to Section 7-1-71.2 NMSA 1978 may be claimed by taxpayers and applied against gross receipts, compensating or withholding tax liabilities.

### **Investment Credit**

New Mexico has an Investment Credit Act (7-9A-1) to augment its favorable tax climate for manufacturing operations and to promote increased employment in New Mexico. The investment credit provided for in the act is an amount equal to the compensating tax rate (5%) applied to the value of qualified equipment. The credit may be claimed by the taxpayer incorporating the qualified equipment into a manufacturing operation in New Mexico, provided certain employment conditions are met.

The value of the qualified equipment is the adjusted basis established for the equipment under the applicable provisions of the Internal Revenue Code. The employment conditions are:

1. for every \$500,000 of equipment, one employee must be added up to \$30 million; and
2. for amounts exceeding \$30 million, one employee must be added for each \$1 million of equipment.

A taxpayer must apply for the credit. Additional information on the credit is provided with application forms available from the department. Once approval is granted by the department, the amount of any available credit may be applied against the taxpayer's compensating tax, gross receipts tax (does not include county or municipal taxes) or withholding tax due. The amount of investment credit claimable on any CRS return is limited to 85% of CRS taxes due. On January 1 of any year certain claimants may cash in their remaining approved credit.

### **Rural Job Tax Credit**

Eligible employers may earn a credit for each qualifying job created on or after July 1, 2006. The credit may be applied against the state taxes due on the CRS return (excluding local option gross receipts taxes) or against personal or corporate income tax.

An "eligible employer" is one who has been approved by the Economic Development Department for in-plant training assistance. A "qualifying job" is one that is occupied by an eligible employee for at least 48 weeks in a 12-month qualifying period. The "rural area" of New Mexico excludes Albuquerque, Los Ranchos, Los Alamos, Rio Rancho, Santa Fe, and Las Cruces, and the area within ten miles of these municipalities. A "tier one" area is defined as a municipality within a rural area with a population of 15,000 or less. A "tier two" area is a municipality within a rural area with a population over 15,000.

The credit amount equals 25% of the first \$16,000 in wages paid for a qualifying job in a "tier one" area and 12.5% of the first \$16,000 in a "tier two" area. If the job is located in a "tier one" area, the employer may receive a credit for four consecutive years; if it is in a "tier two" area, the employer may take the credit for two consecutive years. A credit once earned is transferable.

### **Laboratory Partnership Credit**

When a national laboratory offers certain types of eligible assistance to individual small businesses ("small business" as defined in the federal Small Business Act, P.L. 85-536) in New Mexico and incurs expenses for doing so, it may take a credit against the state portion of gross receipts tax of up to \$10,000

per business or \$20,000 for a business in a rural area. The limit on assistance to a particular small business would apply to the total amount of assistance provided by all national laboratories to that business. Local option gross receipts tax is excluded. The maximum credit is \$2,400,000 in any calendar year. Qualified expenses range widely from wages/benefits to providing mentors to the small business in partnership with the laboratory. The business must certify to the laboratory that the assistance it seeks is not available at reasonable cost through private industry.

### **Technology Jobs Tax Credit**

Any taxpayer doing qualified research and development at a facility in New Mexico (other than one operated for the U. S. government) may claim a credit equal to 4% of qualified expenditures. Qualified expenditures include rent, facility operation and maintenance (except for facilities owned by the taxpayer before the effective date, owned by a local government as an industrial revenue bond project or for which the taxpayer received another credit), equipment, software, payroll and technical manuals and materials. Taxpayer must apply to this department for approval of credit amounts within one year of the end of the calendar year in which the expenditure occurred. After approval, the basic credit may be applied against state taxes due on the CRS-1 return. Additional credits can be earned by certain taxpayers who increase their payroll expenses over the prior year. These additional credits can only be applied to income tax liabilities. The credit amount doubles if the qualified facility is in a rural area. On the effective date, "rural area" will be that part of the state outside Bernalillo and Dona Ana Counties plus a 3-mile zone around those counties and Rio Rancho. A recapture clause applies.

### **Tax Paid to Another State**

The amount of sales, compensating or similar tax (up to a 5% rate) paid to another state on property acquired in that state or another state for use in New Mexico may be credited against the amount of compensating tax due to New Mexico on the property. (7-9-79)

The amount of gross receipts, sales or similar tax imposed by another state on research and development services initially used in New Mexico may be credited against New Mexico gross receipts tax at a rate up to 5%.

### **Tax Paid to Another State; Product of Research and Development Service**

When a taxpayer pays gross receipts, sales or similar tax in another state, or political subdivision of that state, on the product of research and development services performed outside New Mexico but initially used in New Mexico a credit against gross receipts tax can be claimed. This credit can only be claimed for receipts after July 1, 1989, and the amount of the credit can not exceed 5% multiplied by the amount subject to by both New Mexico and the other state or political subdivision of that state. To claim this credit taxpayers should use the Non-New Mexico Research and Development Credit Form (RD-1).

### **Compensating Tax on Construction Projects**

When a person in the construction business owes gross receipts tax on the sale of a construction project, the person may take a credit against the gross receipts tax due for the amount of any compensating tax (NOT GROSS RECEIPTS TAX) previously paid on construction materials and services incorporated into the construction project. (7-9-79)

The credit must be taken for the same report period in which the gross receipts tax is paid. Use the Special Contractor's Report for Compensating Tax Credit (ACD-31077) to compute the credit and attach the form to the CRS-1 Form with the schedule of computation.

Forms for claiming the above credits and further information on the credits may be obtained from the department's district tax offices or the Santa Fe headquarters.

### **High-Wage Jobs Tax Credit**

Eligible employers can claim a credit equal to 10 percent of wages and benefits for new employees in "high-wage, economic-based" jobs. The law limits the credits to \$12,000 per eligible employee for up to four years. More than 50 percent of sales must be to persons outside New Mexico, and the employer must be eligible for in-plant training assistance. Other conditions: the jobs must be created between July 1, 2004, and June 30, 2014, be occupied for at least 48 weeks of the year before the credit claim, and pay at least \$40,000 annually if located in a municipality of 40,000 or more residents and at least \$28,000 elsewhere in the state.

An "eligible employer" means an employer who: (1) made more than fifty percent of its sales to persons outside New Mexico during the most recent twelve months of the employer's modified combined tax liability reporting periods ending prior to claiming a high-wage jobs tax credit, and (2) is eligible for development training program assistance pursuant to Section 21-19-7 NMSA 1978. The definition of "benefits" refers to federal law. Excluded from eligibility are persons who have worked as employees or independent contractors for companies that own stock of the company applying for the credits.

### **Sale of Service For Resale Tax Credit**

Any taxpayer who sells a service for resale in the ordinary course of business when the receipts from the resale are not subject to gross receipts or governmental gross receipts tax may claim a credit against their gross receipts tax liability. The buyer must give the seller documentation that the service is being purchased for resale in the ordinary course of business.

If a taxpayer's business location is within a municipality, the amount of the new credit is 10% of the receipts from sales of services for resale multiplied by 3.775%. If the taxpayer's business location is in the unincorporated area of a county, the amount of the new credit is 10% of the receipts from sales of services for resale multiplied by 5%.

This credit does not apply to receipts from selling a service to a governmental entity or to a prime contractor who operates a facility in New Mexico designated as a national laboratory by an act of congress.

### **Research and Development Small Business Tax Credit**

Qualified research and development small businesses are able to claim this credit equal to the sum of all gross receipts, compensating or withholding taxes owed to New Mexico for a reporting period. A qualified research and development small business is a corporation, general partnership or similar entity with less than 25 employees, revenues less than \$5 million per year and qualified research expenditures equal to 20% of total expenditures in the year the credit is claimed. This credit can be claimed for no more than 3 years, from July 1, 2005, through June 20, 2009.

Businesses claiming this credit must still report the original tax liability on the CRS-1 form.

### **Affordable Housing Tax Credit**

The Mortgage Finance Authority (MFA) is authorized to issue investment vouchers for persons investing in affordable housing projects at the rate of 50 percent of the investment. The vouchers, which may be sold or transferred, may be applied against gross receipts, compensating, withholding, personal income or corporate income tax liabilities. Unused credits may be carried forward for up to five years. The MFA is required to adopt rules for the approval, issuance and administration of the vouchers.

### **Hospital Credit**

Hospitals licensed by the New Mexico Department of Health may claim a gross receipts tax credit equal to the following percentage of taxable gross receipts: For hospitals located in a municipality:

- 0.755 percent on or after July 1, 2007, and before July 1, 2008;
- 1.51 percent on or after July 1, 2008, and before July 1, 2009;
- 2.265 percent on or after July 1, 2009, and before July 1, 2010;
- 3.02 percent on or after July 1, 2010, and before July 1, 2011, and
- 3.775 percent on or after July 1, 2011.

For hospitals located in the unincorporated areas of a county:

- 1 percent on or after July 1, 2007, and before July 1, 2008,
- 2 percent on or after July 1, 2008, and before July 1, 2009,
- 3 percent on or after July 1, 2009, and before July 1, 2010,
- 4 percent on or after July 1, 2010, and before July 1, 2011, and
- 5 percent on or after July 1, 2011.

For purposes of this credit a "hospital" means a facility providing emergency or urgent care, inpatient medical care and nursing care for acute illness, injury, surgery or obstetrics and includes a facility licensed by the Department of Health as a critical access hospital, general hospital, long-term acute care hospital, psychiatric hospital, rehabilitation hospital, limited services hospital and special hospital.

### **Biodiesel Blending Facility Tax Credit**

A taxpayer who is a rack operator as defined in the Special Fuels Supplier Tax Act could claim a gross receipts and/or compensating tax credit equal to 30 percent of the cost of purchasing or installing biodiesel blending equipment. The credit could not exceed \$50,000 for equipment installed at one facility. Taxpayers would apply to the Energy, Minerals and Natural Resources Department which would issue a certificate of eligibility if the taxpayer and their expenditures meet the requirements of the section. Eligible taxpayers would then provide the certificate of eligibility to the Taxation and Revenue Department in order to claim the credit. Approved claims for all taxpayers in one year cannot exceed \$1 million. Credit amounts in excess of a liability can be carried forward for four years. If a credit claimant ceases biodiesel blending without completing at least 180 days of availability of the facility within the first 365 days of issuance of the certificate of eligibility, any amount of approved credit not applied would be extinguished. Taxpayers would be required to file amended returns and self-assess the tax owed and return any tax credit received within 425 days of the date of issuance of the certificate.

## Unpaid Doctor Services

Licensed medical doctors or licensed osteopathic physicians may claim a credit against gross receipts taxes due for the value of unpaid bills for medical care services performed while on call to a hospital. The value of unpaid qualified health care services cannot exceed 130 percent of the reimbursement rate for the services under the Medicaid program. The credit can only be taken if the medical services performed remains unpaid one year after the date of billing and the licensed medical doctor or licensed osteopathic physician has reason to believe it will not be paid because: 1) health insurance did not cover the client or the medical services; 2) the client was not eligible for Medicaid, and 3) the charges are not reimbursable under the Indigent Hospital and County Health Care Act. This credit would be phased in over three years, one-third available from July 1, 2007, through June 30, 2008, two-thirds available from July 1, 2008, through June 30, 2009, and the full amount July 1, 2009, and thereafter.

## Advanced Energy Tax Credit

Interest owners may claim the advanced energy tax credit in the amount of 6 percent of their expenditures for the development and construction of a new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility. Qualified facilities would have to begin construction no later than December 31, 2015. To be eligible, a coal-based generating unit would also need to meet the following criteria:

1. Emit the lesser of (1) what is achievable with the best available control technology, or (2) .035 pounds per million British Thermal Units ("mm Btu") of sulfur dioxide, .025 pounds per mm Btu of oxides of nitrogen and .01 pound per mm Btu of total particulates in the flue gas.
2. Remove the greater of (1) what is achievable with the best available control technology, or (2) 90 percent of the mercury emitted from the input fuel.
3. Capture and sequester or control carbon dioxide emissions so that by the later of January 1, 2017, or 18 months after commercial operation date no more than 1,100 pounds per megawatt-hour of CO<sub>2</sub> is emitted into the atmosphere.
4. All infrastructure required for sequestration is in place by the later of January 1, 2017, or 18 months after the commercial operation date.
5. Include methods and procedures to monitor the fate of the CO<sub>2</sub> captured and sequestered from the facility.
6. Does not exceed 700 net megawatts nameplate capacity.

To claim the credit, the interest owner would submit to the Taxation and Revenue Department a certificate issued by the New Mexico Environment Department which certifies that the facility is qualified for purposes of the credit. Approved credits could be claimed against a taxpayer's gross receipts tax, compensating tax or withholding tax liability. If the credit amount exceeded the taxpayer's liability, the excess could be carried forward for up to five years. The aggregate amount of tax credit that could be claimed with respect to each qualified generating facility would be \$60,000,000. If a facility that had received certification did not sequester or control CO<sub>2</sub> emissions, the certification shall be revoked and the taxpayer would be required to refund to the state any tax credits already granted for that facility. If the taxpayer demonstrates to the Environment Department that the taxpayer made every effort to sequester or control CO<sub>2</sub> emissions, and that their inability to meet the sequestration requirements was beyond their control, the Environment

Department will determine the amount of the credits that shall be refunded. The refund would be required within 180 days of the order by the Environment Department. Expenditures for which a taxpayer claims a credit would be ineligible for credits under the Investment Credit Act or any other credit against gross receipts, compensating or withholding taxes.

## Alternative Energy Products Manufacturing Tax Credit

A new tax credit is created for up to 5% of a taxpayer's spending on manufacturing equipment used in a manufacturing operation that produces "advanced energy products." Advanced energy products are defined as vehicles powered by advanced energy sources, fuel-cell systems, renewable-energy systems and any components of these as well as components of integrated gasification combined cycle coal facilities and facilities related to the sequestration of carbon from integrated gasification combined cycle coal plants. Renewable energy systems are defined to include systems based on photovoltaic energy, solar-thermal energy, biomass energy, wind energy, hydrogen and battery cells. "Qualified expenditure" would be limited to the value of manufacturing equipment for which the credit is being claimed. The tax credit can be claimed against the taxpayer's gross receipts tax, compensating tax, withholding tax, interstate telecommunications gross receipts tax, telecommunications relay surcharge and E-911 surcharge liabilities but cannot be claimed against local option gross receipts taxes. If the amount of the credit exceeds a taxpayer's liability, the excess can be carried forward for up to five years. To be eligible to claim a credit the taxpayer shall employ at least one new full-time employee for every \$500 thousand of expenditures up to \$30 million, and at least one new full-time employee for every \$1 million of expenditures over \$30 million. Credits must be applied for within one year of making a qualified expenditure. If a taxpayer ceases operations at a facility for at least 180 days within a two-year period after claiming credits, no additional credits will be granted with regard to that facility. Amounts of credit approved but not yet claimed would be extinguished and the taxpayer would owe the amount of tax that the claimed credit had offset. Provisions are effective July 1, 2007.

## Credit for Penalty Pursuant to Section 7-1-71.2 NMSA 1978

Taxpayers who paid a penalty pursuant to Section 7-1-71.2 NMSA 1978 prior to July 1, 2007, may claim a credit for the penalty amount paid. The credit must be claimed prior to July 1, 2010, and can be applied against the taxpayer's gross receipts, compensating or withholding tax liability within a report period. Any credit amount that exceeds a taxpayer's liability for a report period can be carried forward for up to three years.

## HOW AND WHEN TO REPORT AND PAY CRS TAXES

You should report gross receipts, compensating and withholding taxes using the CRS-1 form. The CRS-1 form and tax are due on the 25th of the month following the end of your reporting period. If the 25th falls on a Saturday, Sunday or legal holiday the CRS-1 form is due the next business day. We look at the U.S. Postal Service postmark or time stamp of a qualifying courier service (currently designated by the U.S. Secretary of the Treasury under 26 USCA 7502) on the envelope to determine if a report was filed on time. **A CRS-1 Form must be filed whether or not any tax is due.** If no tax is due, file a "zero" report. Please do not mail cash.

## If You Owe \$25,000 or More

If your combined tax liability for gross receipts, compensating, withholding,



governmental gross receipts, leased vehicle gross receipts and interstate telecommunications gross receipts taxes and leased vehicle surcharge averaged \$25,000 or more per month for the previous calendar year (regardless of the tax due for the current month), statute requires your payment in usable funds by the tax-due date. You may choose one of several special payment methods to make the payment, but you must make your payment by the due date appropriate for the method you choose. For the mechanics of the choices and more detailed information, please request our publication "FYI-401" from your local district tax office or view it online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

**IMPORTANT: Check the appropriate box on your CRS-1 Form return for payment by automated clearinghouse or federal wire transfer. Your CRS-1 Form must be mailed on or before the due date, or penalty will be assessed at 2% per month, up to 20%, of the amount of tax due even if payment has been made in a timely fashion.**

Effective January 1, 2001, taxpayers who pay electronically will have a five-day grace period (for penalties only) to correct the transmission if payment identified to the taxpayer reaches the department or its fiscal agent but otherwise lacks required information.

### Reporting Periods

#### Monthly Filing

A monthly filing period is assigned when you register with the department unless you qualify for and request either a quarterly or semi-annual filing period. **Monthly reporting periods are from the first day of the month to the last day of the month;** i.e., January 1 through January 31. New businesses whose start-business date is after the first of the month should still use the first day of the month to the last day of the month as the report period.

#### Requesting or Changing from Monthly to Quarterly or Semi-Annual Filing

If you are on a monthly filing basis and your combined total tax due averages \$200 a month or less, you may apply with the department to file either quarterly or semi-annually. File the Business Tax Registration Update (included in the CRS-1 Filer's Kit). Until you receive notification that you have been approved to file quarterly or semi-annually, you must continue to file monthly. Your approval will be effective at the beginning of the next quarterly or semi-annual period. If you are approved for quarterly reporting in February, you would continue to file monthly CRS-1 Forms for February and March; your first quarterly report would be for April through June. If you are approved to file on a quarterly or semi-annual basis and your tax liability exceeds the \$200-a-month average for any twelve-month period of time, you are required to convert to a monthly filing basis. Refer to the Business Tax Registration Update, Form ACD-31075.

#### Quarterly Filing

Quarterly reporting periods are January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

#### Semi-Annual Filing

Semi-annual reporting periods are January 1 through June 30 and July 1 through December 31.

### Calculating Late-Filing Penalty and Interest

If you file your CRS-1 Form anytime after the due date, you should add penalty and interest to the amount of tax due. Penalty is 2% per month or partial month the payment is late up to a maximum of 20% of tax due or a minimum of \$5.00. When you are late filing your CRS-1 Form and you owe no tax, you still owe a \$5.00 penalty. Interest is calculated at a rate of 7%\*. For report periods after January 1, 2001, interest is calculated on a daily basis using the following formula:

$$\text{Tax Due} \times .019\% \times \text{Number of Days Late} = \text{Interest Due}$$

No interest is due if, at the time of payment, interest due is less than \$1.00. Unlike penalty which has a 20% maximum, interest continues to accrue until you make payment.

**\* NOTE:** This is the interest rate in effect for the first quarter of 2008. The interest rate is set by the U.S. Internal Revenue code (IRC) and can change on a quarterly basis. For current quarterly and daily interest rate visit our web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

Your return must be postmarked by the United States Postal Service or time stamped by a qualifying courier service (currently designated by the United States Secretary of the Treasury under 26 USCA 7502) or received on or before the due date, or penalty will be assessed even if payment has been made in a timely fashion.

#### Special Penalties for Incorrectly Reporting the Deductions Under Sections 7-9-92 & 93 NMSA 1978

The 2004 Legislature enacted a new section of the Tax Administration Act that sets penalties for taxpayers who do not correctly report the amount eligible for new food or medical deductions. As originally enacted, the penalty is the difference between the reported deduction amount and the correct amount multiplied by twice the applicable local option tax rates. *It applies to understating this deduction as well as overstating it.* This special penalty does **not** apply if a taxpayer chooses not to deduct qualified receipts. This penalty is *in addition to* other applicable penalties.

Effective July 1, 2007, the double local option tax penalty for failure to correctly report the amount of gross receipts tax on food and medical services is repealed. Taxpayers who paid the double local option tax penalty since it was first imposed on January 1, 2005, can claim a credit by June 30, 2010, equal to the amount of the penalty paid. The credit can be applied against gross receipts, compensating or withholding tax liability and any credit that exceeds a taxpayer's liability can be carried forward for up to three years. Please visit the department's website at [www.tax.state.nm.us/](http://www.tax.state.nm.us/) or call your local district tax office for additional information on how to claim this credit.

#### Applying for a Refund

If you find you have overpaid gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts or interstate telecommunications gross receipts tax, or leased vehicle surcharge, the procedure to follow to apply for a refund is as follows:

1. Amend the CRS-1 form for the period or periods in which you overpaid (see below for procedure for amending a report).



2. Complete the Application for Tax Refund (RPD-41071) included in the CRS-1 Filer's Kit or online at: [www.tax.state.nm.us/](http://www.tax.state.nm.us/). On the form state the amount and type of tax you overpaid and the reason for overpayment. The most common reason for overpayment is neglecting to claim an exemption or deduction to which you are entitled. Be sure to include documentation to support your claim for refund.

You can apply for a refund up to three years after the end of the year in which the payment was due; i.e., if you overpaid on the December 2003 report, you have until December 31, 2007, to apply for a refund of the overpaid amount because that report was due January 25, 2004.

◆ NOTE: If the department denies your claim for refund in whole or in part, you may file a protest with the department within 90 days of either mailing or delivery of the denial or file a lawsuit in Santa Fe District Court. If the department does not take action on your claim within 120 days of receiving your claim, you may either refile it if you are within the three-year statute of limitation, or you may file a protest within 90 days from the expiration of the 120 days after you filed the claim with the department. For more information on your remedies, please request FYI-402 from your local district tax office or view it online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

◆ NOTE: Claims for refund of tribal taxes are to be filed with the department but will be decided by the tribal taxing authority.

### **Amending the CRS-1 Form**

If after filing a CRS-1 form you find that information supplied on that form was incorrect, you should submit an amended form. When amending the CRS-1 form, be sure to check the "amended report" box and write in the tax period you are amending. Fill out the form with the information as it should have been filed originally. If you underpaid, be sure to include payment for the difference between what you paid and what you owe. Add penalty and interest on the underpaid amount. If you voluntarily amend a CRS-1 form (i.e., without receiving an assessment) within 12 months of the original filing of a return and pay any additional tax due, you will not be subject to penalty, but interest will be due.

### **ACCOUNT NOTICES**

While you are a registered CRS taxpayer, you may at some point receive one of the following account notices from the department. Here is a description of them:

#### **Assessment**

We issue an assessment for tax, penalty and interest due. The most common reasons for which the department issues an assessment are:

1. Taxpayer did not include payment with the CRS-1 form;
2. Taxpayer paid tax at the incorrect rate. Always check the tax rate for your business location on the tax rate schedule as rates may change in January and July of each year;
3. Taxpayer filed the CRS-1 Form late without adding penalty and interest for late filing;
4. The Department audited the taxpayer's books and records and discovered unreported receipts or disallowed deductions.

Occasionally the department will issue an assessment due to a department encoding error. In these cases the taxpayer has written a check for the correct amount but the department encoded the check for the incorrect amount. For example, a check written for \$100.00 may be encoded for \$10.00. The department then receives only \$10.00 from the taxpayer's bank. The taxpayer should verify on their bank statement that the bank paid the lesser amount, pay the principal amount of the assessment, and enclose a copy of the check showing the department's encoding error. The Department will then abate the penalty and interest amounts on the assessment.

◆ NOTE: The department will issue assessments to non-members of the Santa Clara, Santa Ana, Nambe, Laguna, Sandia, Pojoaque, Cochiti, and Santo Domingo Pueblos and the Jicarilla Apache Nation with, and on behalf of, the Pueblos and Nation with respect to the tax imposed by these Pueblos and Nation. Tribal officials must approve any abatement, closing agreement or installment agreement associated with the assessment.

### **Notice of Billing**

We issue Notices of Billing the month after issuing an assessment if we have not received payment for that assessment.

◆ NOTE: If you receive an assessment, pay it and then receive a Notice of Billing, don't panic. Your payment probably was not processed in time to clear your account. If you receive a second Notice of Billing for that same assessment, you should contact your local district tax office listed inside the front cover of the CRS-1 Filer's Kit.

### **Non-Filer Notice**

We issue a Non-Filer Notice to a taxpayer with an active ID number who has not filed a CRS-1 form for a report period. New Mexico statute requires taxpayers with active ID numbers to file for each reporting period whether or not they have any receipts.

◆ NOTE: To clear your account of non-filed periods, file CRS-1 Forms for all non-filed periods. If you are no longer in business, you should cancel your ID number as of the date your business closed using the Business Tax Registration Update (ACD-31075) included in the CRS-1 Filer's Kit.

### **Provisional Assessment**

Under the automated collection system, the Department can issue Provisional Assessments after we issue a Non-Filer Notice. The amount of the assessment may be based on past amounts paid, or an amount based on industry comparables for the taxpayer's type of business as reported on the registration application.

### **Notification of Overpayment**

We issue Notifications of Overpayment to taxpayers whose accounts show a credit of at least \$25.

Occasionally the Department will issue a Notification of Overpayment due to a Department encoding error. In these cases the taxpayer has written a check for the correct amount but the Department encoded the check for the incorrect amount. For example, a check written for \$10.00 may be encoded for \$100.00. The Department then receives \$100.00 from the taxpayer's bank. To recoup the overpayment, the taxpayer should complete the Application for Tax Refund (RPD-41071) and enclose a copy of the relevant bank statement so the Department can verify that the bank paid the higher amount.

## RESPONSES TO COMMON QUESTIONS AND CONCERNS OF CRS TAXPAYERS

### **I didn't receive my CRS-1 forms in the mail!**

It is the taxpayer's responsibility to obtain forms. If the filing deadline is approaching or has arrived and you do not have a current CRS-1 Form, file using an old CRS-1 Form or on a plain piece of paper. Be sure to include all the information required on the CRS-1 Form. The most common reason taxpayers do not receive their forms in the mail is they have changed their address without notifying the department. File a Business Tax Registration Update Form (ACD-31075) to notify us of any address change. The Business Tax Registration Update is included in the CRS-1 Filer's Kit. Blank CRS-1 and Business Tax Registration Update forms are available at your local district tax office and online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

### **I overpaid in one report period. Can I take a credit for the overpayment on a subsequent report?**

**No.** You must amend your CRS-1 Form for the period in which you overpaid and apply for a refund. (See procedures for amending and requesting refunds on p. 19.)

### **How do I back out gross receipts tax?**

See the following examples of how to back out the gross receipts tax:

- 1) If your tax rate is 5% and your total receipts including tax are \$1,050.00 with no deductions or exemptions, divide \$1,050.00 by 1.05. The result is your gross receipts without tax (to enter in Column D of the CRS-1 Form) or \$1,000.
- 2) If your tax rate is 5% and your total gross receipts including tax are \$1,050.00, and included in that figure are \$60 in deductions and another \$45 in exemptions:
  - a) Subtract \$105 (the sum of your deductions and exemptions) from \$1,050. The remainder is \$945. This figure still includes the tax you have recovered from your buyers.
  - b) Divide \$945 by 1.05% (1 plus the 5% tax rate). The result is \$900.
  - c) In Column D enter the sum of \$900 plus \$60 (the amount of deductible receipts)\*, or \$960. This figure is your gross receipts excluding tax.

\* Unlike exemptions, deductions must be reported on the CRS-1 Form and therefore must be included in the amount reported in Column E.

Information on exemptions and deductions begins on p.3.

### **How do I get a copy of my registration or past CRS-1 Forms?**

You must make the request in writing and include your CRS Identification Number and current address. Be sure to sign the request. Allow 6 to 8 weeks for us to process the request.

### **Why do I get so much mail from the department?**

Many of the Department's billings are computer-generated and sent out automatically, so it's possible that your payment and our notices have "crossed" in the mail. And sometimes by the time we receive payments, it's too late to prevent the next round of computer-generated letters from going out. Call your local tax office (listed on the front inside cover of the CRS-1 Filer's Kit) to confirm the status of your account.

### **How long am I required to retain my CRS records?**

New Mexico statute permits the department to assess back 10 years, depending on the situation. The normal assessment period is 3 years back from the end of the year the tax was due. If you have under-reported any one tax on the CRS-1 form by more than 25%, the department may assess back 6 years. If you have nonfiled reports, the department may assess back 7 years. If there is evidence of tax fraud, the department may assess back 10 years.

### **If I currently have an identification number from the Taxation and Revenue Department as a registered proprietorship (i.e. sole owner) and later decide to incorporate, may I continue to use this number?**

**No.** You must cancel the identification number issued to you as a proprietorship and apply for a new identification number as a corporation. The incorporation of a business qualifies as a change in form of ownership. Upon applying for your identification number, you should indicate your date of incorporation as the "start business date" on the Application for Business Tax Identification Number (ACD-31015) for the new number.

### **When I am issued a new identification number, what are my NTTC (nontaxable transaction certificate) requirements when: 1) I execute NTTCs to my vendors and 2) I receive NTTCs from my customers?**

- 1) Under your new identification number, apply for new NTTCs and execute them with your vendors.
- 2) For transactions after you are issued a new identification number all NTTCs you receive from your customers should reflect your new identification number. Maintain all NTTCs you have previously received in case you need to provide documentation to support any deductions taken before your identification number changed.

You should return to the department or destroy any unused NTTCs issued by the Department to you under your old identification number.

### **I have previously filed my CRS-1 form online and wish to do so again but I have forgotten my password. What should I do?**

You can contact our Web Page Help Desk by e-mail at [nmwebfile@state.nm.us](mailto:nmwebfile@state.nm.us) to find out what password you had previously chosen.

### **How do I file my CRS-1 forms online?**

You can access our CRS-1 form online filing program by following the steps below:

- **Go** to the Taxation and Revenue Department's web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).
- **Click** on "Electronic Services".
- **Choose** CRS-NET filing. The prompts will lead you through the registration and filing process.

### **I have attempted to file my CRS-1 form electronically and have received an error. Whom do I contact to resolve this?**

Please contact our CRS Unit at (505) 827-0832 or our Web Page Help Desk by e-mail at [nmwebfile@state.nm.us](mailto:nmwebfile@state.nm.us).

**When I file my CRS-1 form electronically do I have to pay right away?**

No. You can choose to file your CRS-1 Form electronically and at a later time submit payment to the Department by mail. Be aware that all due dates remain the same whether you file electronically or not.

**What options do I have when paying my CRS taxes online?**

When filing your CRS-1 Forms online you can pay your tax using one of the following methods:

- Payment by credit card (VISA, MasterCard or American Express only).\*
- Payment by electronic check.
- Payment by an approved special payment method. (For more information on special payment methods and due dates, request FYI-401 from your local district tax office or view it online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/)).

\* A 2.2% convenience fee will be imposed on all credit card payments made.

**Can I file an amended return online?**

No. At this time our online system cannot process an amended return. You should file any necessary amendments by filing a paper CRS-1 Form. (See procedures for amending a return on p. 20).

**Our phone number and e-mail address of record has changed due to employee turnaround. How do we make these changes for online filing?**

You can make these changes by editing your profile using the CRS-NET system. To edit your profile, enter your CRS Identification Number on the logon screen and click on registered user. On the next screen page you will see an option to *Edit Your Profile*. Make this selection and follow the instructions provided.

# GENERAL INFORMATION FOR NEW MEXICO WITHHOLDING TAX

New Mexico withholding tax is similar to federal withholding tax. It is based on an estimate of an employee's New Mexico income tax liability and is credited against the employee's actual income tax liability on the New Mexico personal income tax return.

## Who Must Withhold

Every employer, including employers of some agricultural workers, who withholds a portion of an employee's wages for payment of federal income tax must withhold New Mexico income tax. There is a limited exception for certain nonresident employees. (See Note 2 below.)

"Employer" means a person doing business in New Mexico or deriving income from New Mexico sources who pays wages to an employee for services performed.

"Employee" means a New Mexico resident who performs services either within or without the state for an employer, or a nonresident of New Mexico who performs services within the state or an employer.

"Wages" means remuneration in cash or other form for services performed by an employee for an employer.

Notes: 1) Pension and annuity income of a New Mexico resident is subject to income tax in New Mexico, but New Mexico does not require payers to withhold state income tax on pensions and annuities unless the payee requests the payer of their retirement benefits to withhold state tax. To report withholding tax, a payer must be registered with the state under the Combined Reporting System.

2) Employers are not required to withhold New Mexico income tax from wages of nonresident employees working in New Mexico for 15 or fewer days during the calendar year.

3) Persons who are self-employed should not report withholding tax on their wages. Self-employed individuals should make estimated payments using the Form PIT-ES.

## Amount to Withhold

Refer to the New Mexico State Wage Withholding Tables for the amount to withhold. Percentage method tables are included in this kit. Look-up tables may be requested from your local district tax office listed inside the front cover of this kit, by calling the Forms Order Line at (505) 827-2206 or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). No withholding is required if the total withholding for an employee during any one month is less than one dollar. For New Mexico residents the employer is required to withhold New Mexico income tax from all wages of the employee regardless of the employee's work location. For nonresident employees, the employer is required to withhold New Mexico income tax only from wages the employee earns within the state. Refer to above definitions of "employer," "employee" and "wages" to determine if withholding tax is required.

## Withholding on Gambling Winnings

Operators, including nonprofit entities, of gambling establishments (racetracks, casinos, state lottery, bingo) must withhold 6% from winnings or submit information returns for state purposes if they are required to withhold or report for federal purposes. Operators must report and pay over the amount of state tax withheld from gambling winnings on the CRS-1 Form. Withholding is required for both residents and nonresidents.

## Withholding Tax Reporting Forms

Every person who has withheld state tax during the year from wages, pensions, annuities or gambling winnings is required to file an annual statement of withholding on or before the last day of February for each employee, pension or annuity recipient, or gambling winner. New Mexico accepts the state copy of Federal Form W-2, W2-G, 1042-S, Foreign Person's U.S. Source Income Subject to Withholding and 1099R, a magnetic tape containing this information, or any substitute form acceptable to the Internal Revenue Service so long as it reflects the withholder's name, address and identification number, the recipient's name and social security number, and the amount of New Mexico income and withholding. If you, as an employer, have established a medical care savings account program for your employees, it is your responsibility to determine what amounts are exempt from taxation. Reduce the New Mexico taxable wages reported on Federal Form W-2 by amounts established by the employer (or account administrator) as exempt from income tax.

## Annual Reconciliation

New Mexico withholding taxpayers may file Form RPD-41072, Annual Summary of Withholding Tax For CRS-1 Filers. The report is available for taxpayers use but is not required to be filed. This report will allow you to reconcile the total amounts shown as withheld on annual statements of withholding information returns furnished to withholders (Federal Forms W-2, W-2G or 1099R) with the total tax withheld and paid to New Mexico on return CRS-1. If you have underreported withholding on your CRS-1 returns, attach amended returns for the period(s) in which underreporting occurred and remit the difference. If you have overpaid withholding on your CRS-1 returns, attach Form RPD-41071, Application for Refund (included in this kit) and amended returns for the period(s) in which overpayments occurred.

## How and When To Report and Pay Withholding Taxes

You should report withholding and gross receipts and compensating taxes on the CRS-1 Form or using the NMWebFile Service. The CRS-1 form and tax are due on the 25th of the month following the end of your reporting period. If the 25th falls on a Saturday, Sunday or legal holiday, the CRS-1 Form is due the next business day. We look at the postmark on the envelope to determine if the paper return was filed on time. A CRS-1 Form must be filed whether or not any tax is due. If no tax is due, file a "zero" report. Do not mail cash.

Taxpayers who report withholding through the NMWebFile Service System must continue to submit withholding payments using a CRS-1 Form. For more information on the NMWebFile Service System, please see bulletin B-200.20: NMWebFile Service System available at your local district office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

If you change your business name or address or need to cancel your CRS I.D. number, use the Business Tax Registration Update Form (ACD-31075) included in this kit and available from your local district office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Your reporting obligation does not cease automatically when you stop doing business or paying wages. You must notify us to cancel your CRS I.D. number.

Child support withholding is NOT reported on the CRS. For information about child support withholding contact the Human Services Department at 505-827-7200.

# NEW MEXICO STATE WAGE WITHHOLDING TABLES

For pay periods beginning on or after January 1, 2008

**NOTE:** If you prefer to use the look-up table method to determine amounts to withhold, look-up tables are available from your local district tax office, by calling the Forms Order Line at (505) 827-2206, or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/)

You can use either the percentage method for calculating state withholding tax or check the look-up tables. For both methods the same definitions, steps and procedures that apply in calculating federal income tax withholding apply to state withholding. If you use the cumulative method of withholding for federal withholding, you may use this same method for state withholding.

## Percentage Method Withholding

Use these steps to figure the state tax to withhold using the percentage method:

**Step 1.** Multiply the number of exemption allowances the employee claims on federal Form W-4 (see "For Further Information" on this page) by the allowance adjustment amount in the table below for the appropriate payroll period.

**Step 2.** Subtract that amount from the employee's taxable wage. The taxable wage for state purposes is the same as for federal tax purposes; that is, after deduction of nontaxable premiums or contributions to qualified employer-sponsored benefit plans.

**Step 3.** Determine the amount to withhold from the appropriate tax table based on the payroll period and on whether the employee is married or single.

**Example:** A single employee has taxable wages of \$500.00 weekly. This employee has claimed two (2) exemption allowances on federal Form W-4 (one personal allowance and the special withholding allowance). The state withholding tax would be figured as follows:

### Table of Exemption Allowance Adjustments

1. Taxable weekly wage payment	\$500.00
2. Weekly allowance adjustment amount	\$66.35
3. Total allowances claimed	<u>2</u>
4. Line 2 times line 3, allowance adjustment	<u>\$132.70</u>
5. Wages less allowance adjustment (subtract line 4 from line 1)	\$367.30
6. a. Tax on first \$344, from Table 1, single person, from line "\$344 and over":	\$ 9.70
b. Tax on remainder: \$367.30 less \$344 = \$23.30 x .053	\$ <u>1.23</u>
c. Total state withholding tax on weekly wage payment (line 6a plus line 6b)	\$ 10.93

PAYROLL PERIOD	ONE ALLOWANCE
Weekly	\$66.35
Biweekly	\$132.69
Semimonthly	\$143.75
Monthly	\$287.50
Quarterly	\$862.50
Semiannual	\$1,725.00
Annual	\$3,450.00
Daily or Miscellaneous (each day of payroll period)	\$13.27

## Withholding from Irregular or Supplemental Wages or Fringe Benefits

The same method used for calculating federal withholding on irregular or supplemental wages should be used for state withholding. If you use the cumulative method of withholding for federal withholding, you may use this same method for state withholding. If you withhold from fringe benefits for federal purposes, you must also withhold from fringe benefits for state purposes using the same method used for calculating federal withholding. If the federal withholding is calculated using a flat percent, a flat 4.9 percent of the supplemental wage or fringe benefit amount should be withheld for state tax purposes.

**NOTE:** In the case of a married employee who has elected to be withheld at the higher single rate for federal purposes, the single rate for New Mexico state withholding purposes must also be used.

## Special Situations

Generally, if an employee's withholding is correct for federal purposes, it will be correct for state income tax purposes, but there are certain situations in which an employee may be correctly withheld for federal purposes but underwithheld for state purposes:

1. If the employee claimed the special allowance for head-of-household filing status on Form W-4 Withholding Allowances Worksheet (line E).
2. If the employee increased W-4 allowances to offset expected federal tax credits such as the Child Tax Credit or credits for child or dependent care expenses.
3. If the employee requested that additional amounts be withheld for federal purposes (see federal Form W-4, line 6).

## Additional Withholding Amounts

Many employees request additional amounts be withheld for federal purposes (see Form W-4, line 6), but very few consider additional withholding for state purposes. The recommended level of additional withholding for state tax purposes is one-quarter (25%) of any additional federal withholding amount.

## For Further Information

If employees express concern over the number of withholding allowances they have claimed, you may recommend that they obtain the following publications:

- Federal Internal Revenue Service Form W-4, Employee's Withholding Allowance Certificate. (New Mexico does not have a state equivalent of the federal W-4 form. Employees should complete a copy of the federal W-4 for New Mexico, writing "For New Mexico State Withholding Only" across the top in prominent letters. Keep the New Mexico W-4 in the employee's personnel file. The employee may choose a different number of allowances for state withholding than for federal withholding. This duplicate W-4 is not mandatory. It is a convenience for employer and employee.)
- Federal Internal Revenue Service Publication 919, Is My Withholding Correct? (Call 1-800-829-3676 to order this publication.)



**New Mexico State Wage Withholding Tax  
Tables for Percentage Method of Withholding**

(For wages paid on or after January 1, 2008)

**TABLE 1 - If the Payroll Period with Respect to an Employee is WEEKLY**

Exemption Adjustment = \$66.35 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$37				\$0
Over -	But not over -		of excess over -	
\$ 37 -	\$ 142	\$	1.7%	\$ 37
\$ 142 -	\$ 248	\$ 1.80 +	3.2%	\$ 142
\$ 248 -	\$ 344	\$ 5.18 +	4.7%	\$ 248
\$ 344 -	and over	\$ 9.70 +	4.9%	\$ 344

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over 139				\$0
Over -	But not over -		of excess over -	
\$ 139 -	\$ 293	\$	1.7%	\$ 139
\$ 293 -	\$ 447	\$ 2.62 +	3.2%	\$ 293
\$ 447 -	\$ 601	\$ 7.54 +	4.7%	\$ 447
\$ 601 -		\$ 14.77 +	4.9%	\$ 601

**TABLE 2 - If the Payroll Period with Respect to an Employee is BIWEEKLY**

Exemption Adjustment = \$132.69 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$73				\$0
Over -	But not over -		of excess over -	
\$ 73 -	\$ 285	\$	1.7%	\$ 73
\$ 285 -	\$ 496	\$ 3.60 +	3.2%	\$ 285
\$ 496 -	\$ 688	\$ 10.37 +	4.7%	\$ 496
\$ 688 -	and over	\$ 19.40 +	4.9%	\$ 688

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$279				\$0
Over -	But not over -		of excess over -	
\$ 279 -	\$ 587	\$	1.7%	\$ 279
\$ 587 -	\$ 894	\$ 5.23 +	3.2%	\$ 587
\$ 894 -	\$ 1,202	\$ 15.08 +	4.7%	\$ 894
\$ 1,202 -	and over	\$ 29.54 +	4.9%	\$ 1,202

**TABLE 3 - If the Payroll Period with Respect to an Employee is SEMIMONTHLY**

Exemption Adjustment = \$143.75 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$79				\$0
Over -	But not over -		of excess over -	
\$ 79 -	\$ 308	\$	1.7%	\$ 79
\$ 308 -	\$ 538	\$ 3.90 +	3.2%	\$ 308
\$ 538 -	\$ 746	\$ 11.23 +	4.7%	\$ 538
\$ 746 -	and over	\$ 21.02 +	4.9%	\$ 746

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$302				\$0
Over -	But not over -		of excess over -	
\$ 302 -	\$ 635	\$	1.7%	\$ 302
\$ 635 -	\$ 969	\$ 5.67 +	3.2%	\$ 635
\$ 969 -	\$ 1,302	\$ 16.33 +	4.7%	\$ 969
\$ 1,302 -	and over	\$ 32.00 +	4.9%	\$ 1,302

**TABLE 4 - If the Payroll Period with Respect to an Employee is MONTHLY**

Exemption Adjustment = \$287.50 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$158				\$0
Over -	But not over -		of excess over -	
\$ 158 -	\$ 617	\$	1.7%	\$ 158
\$ 617 -	\$ 1,075	\$ 7.79 +	3.2%	\$ 617
\$ 1,075 -	\$ 1,492	\$ 22.46 +	4.7%	\$ 1,075
\$ 1,492 -	and over	\$ 42.04 +	4.9%	\$ 1,492

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$604				\$0
Over -	But not over -		of excess over -	
\$ 604 -	\$ 1,271	\$	1.7%	\$ 604
\$ 1,271 -	\$ 1,938	\$ 11.33 +	3.2%	\$ 1,271
\$ 1,938 -	\$ 2,604	\$ 32.67 +	4.7%	\$ 1,938
\$ 2,604 -	and over	\$ 64.00 +	4.9%	\$ 2,604

**New Mexico State Wage Withholding Tax  
Tables for Percentage Method of Withholding**

(For wages paid on or after January 1, 2008)

**TABLE 5 - If the Payroll Period with Respect to an Employee is QUARTERLY**

Exemption Adjustment = \$862.50 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$475					\$0
Over -	But not over -			of excess over -	
\$ 475 -	\$ 1,850			1.7%	\$ 475
\$ 1,850 -	\$ 3,225	\$ 23.38	+	3.2%	\$ 1,850
\$ 3,225 -	\$ 4,475	\$ 67.38	+	4.7%	\$ 3,225
\$ 4,475 -	and over	\$ 126.13	+	4.9%	\$ 4,475

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$1,813					\$0
Over -	But not over -			of excess over -	
\$ 1,813 -	\$ 3,813			1.7%	\$ 1,813
\$ 3,813 -	\$ 5,813	\$ 34.00	+	3.2%	\$ 3,813
\$ 5,813 -	\$ 7,813	\$ 98.00	+	4.7%	\$ 5,813
\$ 7,813 -	and over	\$ 192.00	+	4.9%	\$ 7,813

**TABLE 6 - If the Payroll Period with Respect to an Employee is SEMIANNUAL**

Exemption Adjustment = \$1,725.00 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$950					\$0
Over -	But not over -			of excess over -	
\$ 950 -	\$ 3,700			1.7%	\$ 950
\$ 3,700 -	\$ 6,450	\$ 46.75	+	3.2%	\$ 3,700
\$ 6,450 -	\$ 8,950	\$ 134.75	+	4.7%	\$ 6,450
\$ 8,950 -	and over	\$ 252.25	+	4.9%	\$ 8,950

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$3,625					\$0
Over -	But not over -			of excess over -	
\$ 3,625 -	\$ 7,625			1.7%	\$ 3,625
\$ 7,625 -	\$ 11,625	\$ 68.00	+	3.2%	\$ 7,625
\$ 11,625 -	\$ 15,625	\$ 196.00	+	4.7%	\$ 11,625
\$ 15,625 -	and over	\$ 384.00	+	4.9%	\$ 15,625

**TABLE 7 - If the Payroll Period with Respect to an Employee is ANNUAL**

Exemption Adjustment = \$3,450.00 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$1,900					\$0
Over -	But not over -			of excess over -	
\$ 1,900 -	\$ 7,400			1.7%	\$ 1,900
\$ 7,400 -	\$ 12,900	\$ 93.50	+	3.2%	\$ 7,400
\$ 12,900 -	\$ 17,900	\$ 269.50	+	4.7%	\$ 12,900
\$ 17,900 -	and over	\$ 504.50	+	4.9%	\$ 17,900

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$7,250					\$0
Over -	But not over -			of excess over -	
\$ 7,250 -	\$ 15,250			1.7%	\$ 7,250
\$ 15,250 -	\$ 23,250	\$ 136.00	+	3.2%	\$ 15,250
\$ 23,250 -	\$ 31,250	\$ 392.00	+	4.7%	\$ 23,250
\$ 31,250 -	and over	\$ 768.00	+	4.9%	\$ 31,250

**TABLE 8 - If the Payroll Period with Respect to an Employee is DAILY or MISCELLANEOUS**

Exemption Adjustment = \$13.27 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$7.30					\$0
Over -	But not over -			of excess over -	
\$ 7.30 -	\$ 28.50			1.7%	\$ 7.30
\$ 28.50 -	\$ 49.60	\$ 0.36	+	3.2%	\$ 28.50
\$ 49.60 -	\$ 68.80	\$ 1.04	+	4.7%	\$ 49.60
\$ 68.80 -	and over	\$ 1.94	+	4.9%	\$ 68.80

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$27.90					\$0
Over -	But not over -			of excess over -	
\$ 27.90 -	\$ 58.70			1.7%	\$ 27.90
\$ 58.70 -	\$ 89.40	\$ 0.52	+	3.2%	\$ 58.70
\$ 89.40 -	\$ 120.20	\$ 1.51	+	4.7%	\$ 89.40
\$ 120.20 -	and over	\$ 2.95	+	4.9%	\$ 120.20

## NEW MEXICO TAXATION AND REVENUE DEPARTMENT

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The Department issues a variety of free publications which you may download from the Internet at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Click on "publications". If you wish to order a publication, please check the applicable box, complete the mailing information below and send to:

**Taxation and Revenue Department, Tax Information and Policy Office, P.O. Box 630, Santa Fe, NM 87504-0630**

*Please send the following publication(s):*

#### GENERAL INFORMATION

- ☐ How to Contact the Department (B-100.1)
- ☐ Legislative Summary: Current Year
- ☐ Fees for Copying Department Records (B-100.4)
- ☐ Hurricanes Katrina and Rita Victims (B-100.15)
- ☐ INFORMATION FOR NEW RESIDENTS (FYI-101)
- ☐ INFORMATION FOR NEW BUSINESSES (FYI-102)
- ☐ INFORMATION FOR NON-PROFIT ORGANIZATIONS (FYI-103)
- ☐ NEW MEXICO WITHHOLDING TAX (FYI-104)
- ☐ GROSS RECEIPTS AND COMPENSATING TAXES: An Overview (FYI-105)
- ☐ CLAIMING CREDITS FOR YOUR CRS TAXES AND BUSINESS-RELATED INCOME (FYI-106)

#### CRS INFORMATION

- ☐ Federal Government Credit Cards:  
How to "Read" the Credit Card (B-200.1)
- ☐ Changes for Intrastate Telecommunication Services Providers (B-200.3)
- ☐ Changes in Filing for Direct Satellite Broadcasting Companies (B-200.6)
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- ☐ Oil and Gas Proceeds Withholding (B-200.13)
- ☐ Taxation and Revenue Department Relaxes Categories for Nontaxable Transaction Certificates (B-200.14)
- ☐ Secretary Extends Deadline for Series 1992 NTTC's (B-200.17)
- ☐ Tax Holiday Item List (B-200.18)
- ☐ Online NTTC Program (NTTC.NET) (B-200.19)
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- ☐ Under the Portal Vendor Program (B-200.21)
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- ☐ SALES TO QUALIFIED FILM PRODUCTION COMPANIES (FYI-280)
- ☐ INFORMATION FOR THE TRANSPORTATION INDUSTRY (FYI-290)
- ☐ WHEELING OF ELECTRICITY (FYI-295)

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- ☐ Residency and New Mexico Personal Income Tax (B-300.5)
- ☐ New Medical Tax Break for Seniors (B-300.6)
- ☐ National Guard Income Tax Exemption (B-300.8)
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- ☐ TAXPAYER REMEDIES (FYI-402)
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- ☐ #1 - Tax Information for New Mexico's Senior Citizens
- ☐ #2 - Tax Information for New Mexico's Low-Income Filers
- ☐ #3 - What Is Gross Receipts Tax?
- ☐ #4 - 501(c)(3) Nonprofit Groups and New Mexico's Gross Receipts Tax
- ☐ #5 - Employee or Independent Contractor?
- ☐ #6 - New Mexico Income Tax and your Education Trust (529) Plan
- ☐ #7 - PIT Internet Filing
- ☐ #8 - CRS Internet Filing
- ☐ #9 - Nonresidents and New Mexico's Income Tax
- ☐ #10 - The 185-Day Presence Law and New Mexico's Income Tax
- ☐ #11 - New Mexico Gross Receipts Tax: Day Care Providers
- ☐ #12 - New Mexico Income Tax: Child Day Care Credit
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Name		Phone Number	
Business		E-Mail Address	
Address		City, State and Zip Code	

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## STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT

**BUSINESS TAX REGISTRATION UPDATE**

PLEASE TYPE OR PRINT IN BLACK INK - Instructions on reverse

CURRENT INFORMATION				
1. New Mexico Taxation and Revenue Department Identification Number (NM TRD ID#) <div style="text-align: center;">0 _ - _ _ _ _ - 00 _</div>			2. Federal Employer Identification Number: (FEIN) <div style="text-align: center;">_ _ - _ _ _ _ _</div>	
3. Business Name			4. DBA ( If applicable)	
NEW INFORMATION FILL IN THOSE BOXES BELOW FOR WHICH A CHANGE IS BEING REPORTED				
5. <input type="checkbox"/> Change the business registration status to: ACTIVE/CLOSED (Circle one) Effective Date:        /        /			6. <input type="checkbox"/> Change the Business Start Date to:        /        / (Note: When ownership has changed a new NM TRD ID# must be obtained)	
7. Business Name			DBA	
Business Phone Number (        )        Ext.			Other Phone Number (        )	
Mailing Address			City	State    Zip Code    Country
Business Location Address (not a PO Box)			City	State    Zip Code    Country
Add other physical location (Attach additional pages if necessary)			City	State    Zip Code    Country
8. Will business pay wages to employees in New Mexico? Yes <input type="checkbox"/> No <input type="checkbox"/>			9. Workers Compensation Fee? <input type="checkbox"/> ADD        Effective Date: <input type="checkbox"/> DELETE	
10. Seasonal Businesses Only - Change the business season to:    Season Start Month        Season End Month				
11. Change the CRS Filing Status to: <input type="checkbox"/> MONTHLY <input type="checkbox"/> QUARTERLY <input type="checkbox"/> SEMI-ANNUALLY (NOTE: Please review the filing status requirements on reverse before requesting a change.)				
12. Primary type of business in New Mexico (Check all that apply)			13. Give a brief description of nature of business	
<div style="display: flex; justify-content: space-between;"><div><div style="display: flex; justify-content: space-between;"><div>ADD</div><div>DELETE</div></div><div><input type="checkbox"/> Accommodation, Food Services, and Drinking Places <input type="checkbox"/> Administration and Support Services and Waste Management and Remediation Services <input type="checkbox"/> Agriculture, Forestry, Fishing and Hunting <input type="checkbox"/> Arts, Entertainment and Resource Management <input type="checkbox"/> Construction <input type="checkbox"/> Educational Services <input type="checkbox"/> Finance and Insurance <input type="checkbox"/> Government <input type="checkbox"/> Health Care and Social Assistance</div></div><div><div style="display: flex; justify-content: space-between;"><div>ADD</div><div>DELETE</div></div><div><input type="checkbox"/> Manufacturing <input type="checkbox"/> Mining and Oil and Gas Extraction <input type="checkbox"/> Professional, Scientific and Technical Services <input type="checkbox"/> Real Estate and Leasing of Real Property <input type="checkbox"/> Rental and Leasing of Tangible Personal Property <input type="checkbox"/> Retail Trade <input type="checkbox"/> Transportation and Warehousing <input type="checkbox"/> Utilities <input type="checkbox"/> Wholesale trade <input type="checkbox"/> Other Services</div></div></div>				
14. Federal Employer Identification Number (FEIN) <input type="checkbox"/> ADD <input type="checkbox"/> DELETE				
15. <u>Liquor License Type/No.</u> : <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> ADD        <input type="checkbox"/> DELETE        <input type="checkbox"/> CHANGE</div></div>			18. <u>Special Tax Registration Information</u> - Only update if a change is necessary. Note: A Special Tax Registration must be completed when adding an activity below.	
16. <u>Public Regulation Comm. No.</u> : <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> ADD        <input type="checkbox"/> DELETE        <input type="checkbox"/> CHANGE</div></div>			Gasoline Sales <input type="checkbox"/> ADD <input type="checkbox"/> DELETE    Severing Natural Resources <input type="checkbox"/> ADD <input type="checkbox"/> DELETE	
17. <u>RLD Contractor's License No.</u> : <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> ADD        <input type="checkbox"/> DELETE        <input type="checkbox"/> CHANGE</div></div>			Special Fuels <input type="checkbox"/> ADD <input type="checkbox"/> DELETE    Processing Natural Resources <input type="checkbox"/> ADD <input type="checkbox"/> DELETE	
			Cigarette Sales <input type="checkbox"/> ADD <input type="checkbox"/> DELETE    Water Producer <input type="checkbox"/> ADD <input type="checkbox"/> DELETE	
			Tobacco Products <input type="checkbox"/> ADD <input type="checkbox"/> DELETE    Gaming Activities <input type="checkbox"/> ADD <input type="checkbox"/> DELETE	
19. <input type="checkbox"/> Are you closing a business?    You may want to request a Letter of Good Standing or a Certificate of No Tax Due. See instructions on the back of this form.				
20. Before updating Owners / Partners / Corporate Officers / Association Members / Shareholders information below, please see the instructions on the reverse side of this form. <div style="text-align: center;">(Attach additional pages if necessary)</div> <div style="display: flex; justify-content: space-around;"><div># 1    <input type="checkbox"/> Add    <input type="checkbox"/> Change    <input type="checkbox"/> Delete</div><div># 2    <input type="checkbox"/> Add    <input type="checkbox"/> Change    <input type="checkbox"/> Delete</div></div> <div style="display: flex;"><div style="width: 50%;">SSN</div><div style="width: 50%;"></div></div> <div style="display: flex;"><div style="width: 50%;">NAME &amp; TITLE</div><div style="width: 50%;"></div></div> <div style="display: flex;"><div style="width: 50%;">ADDRESS</div><div style="width: 50%;"></div></div> <div style="display: flex;"><div style="width: 50%;">PHONE &amp; E-MAIL</div><div style="width: 50%;"></div></div>				
21. I declare that the information reported on this form and any supplemental page(s) is true and correct.				
<div style="display: flex; justify-content: space-between;"><div>Print Name</div><div>Signature</div><div>Date</div></div> <div style="text-align: center;">Send original to any Taxation &amp; Revenue Department office listed on the back of this form. Please keep a copy for your files.</div>				



This business tax registration update is to be used for the following tax programs: Gross Receipts, Compensating, Withholding, Workers Compensation Fee, Gasoline, Special Fuels, Cigarette, Tobacco Products, Severance, Resource, Water Producers and Gaming Activities. All attachments must contain the business name and New Mexico Taxation and Revenue Department Identification Number (NM TRD ID#). Should you need assistance completing this update, please contact the department at one of the offices listed below.

**COMPLETE ONLY THE AREAS TO BE UPDATED OR CHANGED – If the ownership of a proprietorship has changed, a new NM TRD ID# is required (i.e. A proprietorship has now become a corporation; a different family member is now taking ownership of the family business, etc). If the ownership of a partnership has changed (i.e. a partner is no longer involved or you wish to add a partner) a new NM TRD ID# is required.**

#### **CURRENT INFORMATION**

1. Provide the New Mexico Taxation and Revenue Department Identification Number (NM TRD ID#)
2. Provide the Federal Employer Identification Number (FEIN) if applicable. If the FEIN has changed as a result of an ownership change, a new NM TRD ID# is required.
3. Provide the current business name and name the business is Doing Business As (DBA) (as it appears on Taxation and Revenue Department records before the change is made).

#### **NEW INFORMATION**

4. Enter the name you are DOING BUSINESS AS if applicable.
5. Change the business registration status to ACTIVE or CLOSED. Circle one. Provide an effective date for the status change.
6. Change the Business Start Date if the date originally indicated is incorrect and no business activity has occurred.
7. Change as needed the Business Name, DBA, Business Phone Number and Extension, Other Phone Number, Mailing Address, Business Location Address and add any other physical locations. (Attach additional pages if necessary). **Complete ONLY items that have changes.**
8. Check Yes or No. Every employer, including employers of some agricultural workers, who withhold a portion of an employee's wages for payment of federal income tax, must withhold NM income tax..
9. Check the box to Add or Delete the Workers' Compensation Fee status. Provide an effective date when you become (or plan to become) a covered employer or are no longer subject to the fee. For more information contact the Workers' Compensation Administration at (505) 841-6000 or [www.workerscomp.state.nm.us](http://www.workerscomp.state.nm.us).
10. Seasonal Businesses only – When the business is engaged in business activity outside the Business Season, the entity is no longer a Seasonal Business. Indicate the new Business Season for a seasonal business only.
11. Request to change the CRS filing Status to Monthly, Quarterly, or Semi-annually. Please be guided by the following filing status requirements:  
a) Monthly – due by the 25<sup>th</sup> of the following month if combined taxes due average more than \$200 per month or if you wish to file monthly regardless of the amount due. Monthly periods are from the 1<sup>st</sup> of each month to the last day of each month.  
b) Quarterly- due by the 25<sup>th</sup> of the month following the end of the quarter if combined taxes due for the quarter are less than \$600 or an average of less than \$200 per month in the quarter. Quarters are January 1<sup>st</sup> - March 31<sup>st</sup>; April 1<sup>st</sup> – June 30<sup>th</sup> ; July 1<sup>st</sup> – September 30<sup>th</sup> ; October 1<sup>st</sup> – December 31<sup>st</sup>.  
c) Semiannual due by the 25<sup>th</sup> of the month following the end of the 6-month period if combined taxes due are less than \$1,200 for the semiannual period or an average less than \$200 per month for the 6 month period. Semiannual periods are January 1<sup>st</sup> - June 30<sup>th</sup>; July 1<sup>st</sup> – December 31<sup>st</sup>.
12. Add or Delete the business activity in which the business is engaged. More than one business activity can be selected. Please describe all business activities that are "added". If you are unsure as to your entity's business classification, please contact one of offices listed below.
13. Briefly describe the nature of the type(s) of business in which you will be engaging. The lack of information may affect the type of NTTC for which you qualify.
14. Add or Delete the Federal Employer Identification Number (FEIN), issued by the Internal Revenue Service. If the FEIN has changed as a result of an ownership change, a new NM TRD ID# is required.
15. Liquor License Type/No. - Add, Delete or Change the Liquor License Type/No. issued by the Alcohol and Gaming Division of the Regulation and Licensing Department.
16. Public Regulation Commission No. – Add, Delete or Change the Public Regulation Commission No. issued by the Public Regulation Commission.
17. RLD Contractor's License No. – Add, Delete, or Change the License Number issued by the Construction Industries Division of the Regulation and Licensing Department.
18. Special Tax Registration information – Add or Delete an activity, which qualifies for Special Tax purposes. A Special Tax Registration form must be completed when adding an activity. Taxpayers selling, leasing, or transferring a liquor license should request a letter of no objection from the Taxation & Revenue Department.
19. Check this box if you are closing a business. Proprietorships may want to request a Letter of Good Standing from the Department to verify that there are no outstanding liabilities or non-filed reports for the business you are closing. Corporations dissolving or withdrawing from doing business in New Mexico should request a Corporate Certificate of No Tax Due and contact the Public Regulation Commission. Purchasers/Lessee's (Successor in Business) of a business, license, or permit may also request a Certificate of No Tax Due to ensure they are not liable for any taxes due the department by the seller or lessor. A Request for Tax Clearance or Letter of Good Standing can be downloaded at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). For additional information, please contact one of the offices listed below.
20. You may update an owner's or partner's address, telephone number, or e-mail address. You may add, change, or delete Corporate Officers, Association Members, or Shareholders and their corresponding address, telephone number, or e-mail address. If you are unsure if a new NM TRD ID# is required, please contact the department at one of the offices listed below. Note: When ownership has changed, a new NM TRD ID# must be obtained.
21. The registration update should be signed by an Owner, Partner, Corporate Officer, Association Member, Shareholder, or authorized representative.

Return this form and all attachments to one of the offices listed below.

**Taxation & Revenue Department**  
**Manuel Lujan Sr. Building**  
**1200 South St. Francis Dr.**  
**PO Box 5374**  
**Santa Fe, NM 87502-5374**  
**(505) 827-0951**

**Taxation & Revenue Department**  
**5301 Central NE**  
**PO Box 8485**  
**Albuquerque, NM 87198-8485**  
**(505) 841-6200**

**Taxation & Revenue Department**  
**2540 El Paseo, Bldg #2**  
**PO Box 607**  
**Las Cruces, NM 88004-0607**  
**(575) 524-6225**

**Taxation & Revenue Department**  
**400 N. Pennsylvania Ste.200**  
**PO Box 1557**  
**Roswell, NM 88202-1557**  
**(575) 624-6065**

STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT

**APPLICATION FOR REFUND**

**Who Must File this Form.** This form may be used to apply for a refund of most tax, fees or surcharges paid to the New Mexico Taxation and Revenue Department. To obtain a refund, you are generally required to complete this form or submit a letter with substantially the same information. If your refund claim is the result of overstating the tax due on a previously filed income tax, estate tax or oil and gas tax return *and* you are filing an amended return, you do not need to attach an application for tax refund. A complete amended return is sufficient to support a valid claim for tax refund. Other exceptions to filing Form RPD-41071, *Application for Refund* are listed in the instructions.

**How to File this Form.** A valid claim for refund requires all information requested on this form. You must enter the primary taxpayer identification number required by the New Mexico form and indicated on the return or payment. "Basis for refund" means a brief statement of the facts and the law on which the claim is based. The basis for refund must explain why the overpayment was made. Do not merely enter the word "overpayment". Attach a letter of explanation if the space provided is insufficient. See *Other Required Attachments* in the instructions. This *Application for Refund* must be signed by the taxpayer or the taxpayer's authorized agent. An incomplete or inaccurate application may cause the Department to invalidate your refund claim and return the application to you without action.

*To apply all or any part of your refund to another report period, liability or another tax or fee program, please state in detail the report period, liability or other tax or fee program to which you wish to apply the refund.*

Taxpayer identification no. (Mandatory)	
Name	
Mailing address	
City, state, ZIP code	
Contact name	Phone number

I hereby certify that the State of New Mexico was overpaid the sum of \_\_\_\_\_

dollars (\$ \_\_\_\_\_) in \_\_\_\_\_ taxes, for the period(s) \_\_\_\_\_ to \_\_\_\_\_  
(type of tax)

Basis for refund: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*I declare that the information reported on this form and any attached supplements is true and correct.*

Signature of taxpayer or agent \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Type or print name \_\_\_\_\_ Phone \_\_\_\_\_

**Return this form and attachments to the Taxation and Revenue Department,  
P.O. Box 630, Santa Fe, New Mexico 87504-0630.**

## Request for Direct Deposit

**If you are requesting a refund of tax, fees or surcharges paid to the New Mexico Taxation and Revenue Department for any of the programs listed below and would like your refund deposited directly into your bank account, complete the following information. Note: If the information below is incomplete or incorrect, your refund will be mailed.**

Combined Report System Taxes (CRS), Personal Income Tax, Corporate Income and Franchise Tax, Oil and Gas Proceeds Withholding Tax, Enhanced 911 Surcharge, Telecommunication Relay Service Surcharge, Water Conservation Fee, and Workers' Compensation Fee.

1. Routing number:	<table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td> </tr> </table>											3. Type:	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings									
2. Account number:	<table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td> </tr> </table>																						

**FOR DEPARTMENT USE ONLY**

I have analyzed the records of the Taxation and Revenue Department on \_\_\_\_\_, 20\_\_\_\_\_  
and have verified the amount of tax overpayment. I hereby certify that a tax refund is due as claimed according to Section 7-1-26  
NMSA 1978. The amount of overpayment is for the following taxes:

TAX PROGRAM	AMOUNT
1.	\$
2.	
3.	
Total interest to be refunded	
Total amount to be refunded	\$

Claim number
Serial number
Warrant number

Analysis of reason for overpayment: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Valid overpayment:      ☐ YES    ☐ NO    ☐ Need additional information      Credit amount \$\_\_\_\_\_

Amended returns on file:    ☐ YES    ☐ NO    ☐ N / A                      Credit key\_\_\_\_\_

Date requested \_\_\_\_\_

Documents supporting this refund are on file:	
I recommend refund:	
Initiated by	
Section supervisor	Date
Bureau chief	Date

GENERAL APPROVAL
_____ Secretary or Delegate
IF REQUIRED
_____ Attorney General's Office

STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT

**APPLICATION FOR REFUND  
INSTRUCTIONS**

- If you have any tax liability, the Taxation and Revenue Department may offset all or part of an allowed refund against such liability.
- If the Department denies your claim for refund in whole or in part, you may file a protest with the Department within 90 days of either mailing or delivery of the denial or file a lawsuit in Santa Fe District Court. If the Department does not take action on your claim within 120 days of receiving your claim, you may either refile it if you are within the three-year statute of limitation, or you may file a protest within 90 days from the expiration of the 120 days after you filed the claim with the Department. If no action has been taken on the refund claim within 210 days, the Department is statutorily prohibited from acting on a refund claim if the three-year statute of limitation has passed. For more information on your remedies, please request FYI-402 from your local district tax office or view it on-line at [www.tax.state.nm.us](http://www.tax.state.nm.us).

**Other Required Attachments:**

**Amended Returns:** If your refund is the result of overstating the tax, fees or surcharges due on a previously filed return, you must attach a fully completed *amended* report for each period affected. See the Note under "Exceptions to Filing Form RPD-41071" below. Only one *Application for Refund* is required per claim regardless of the number of periods amended. See the appropriate forms for instructions on filing an amended return.

To claim a refund of gross receipts tax because you did not claim an allowable deduction, you must attach the following, if applicable: 1) a copy of the nontaxable transaction certificate (NTTC) executed by the buyer so we can verify that the NTTC was properly executed in a timely manner; or 2) a copy of any other documentation necessary to support the deduction (for example, a farmer or rancher statement).

To claim a refund of gross receipts tax paid because of an exemption that you did not claim, you must attach documentation necessary to support the exemption (for example, invoices, contracts, etc.).

To claim a refund of an overpayment due to an offset by the Department, please attach a copy of the offset notice.

If you have questions regarding the documents that should be filed with an *Application for Refund*, or an amended return, contact the Department using the contact information on the original return, or the local district office listed below.

**Exceptions to Filing Form RPD-41071, *Application for Refund*.** If claiming a refund under certain tax, fee or surcharge programs you must use the program specific application for refund form and follow certain procedures which are applicable to those programs. If you are requesting a refund of oil and gas taxes other than the oil and gas proceeds withholding tax, use Form RPD-41136, *Application for Tax Refund - Oil and Gas*. If you are requesting a refund of vehicle-related or driver-related taxes or fees, use Form MVD-10208, *Request for Refund*. If requesting a refund of Tobacco Products Tax, use Form RPD-41318, *Application for Tobacco Products Tax Refund*. If requesting a refund of Cigarette Tax, use Form RPD-41211, *Application for Refund of Cigarette Tax*. All forms can be found on the Department's web site at [www.tax.state.nm.us](http://www.tax.state.nm.us). Click on "Forms", then select the applicable tax program.

**Note:** If your refund claim is the result of overstating the tax due on a previously filed income tax, estate tax or oil and gas tax return *and* you are filing an amended return, you do not need to attach an application for refund. A complete amended return is sufficient to support a valid claim for refund. Be sure to submit all supporting forms, schedules, and backup as requested by the instructions when filing an amended return.

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**ALBUQUERQUE:**

Taxation & Revenue Department  
Bank of the West Building  
5301 Central Ave., NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485  
Telephone: **505/841-6200**

**SANTA FE:**

Taxation & Revenue Department  
1200 South St. Francis Drive  
P.O. Box 5374  
Santa Fe, NM 87502-5374  
Telephone: **505/827-0951**

**FARMINGTON:**

Taxation & Revenue Department  
3501 E. Main Street  
P.O. Box 479  
Farmington, NM 87499-0479  
Telephone: **505/325-5049**

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**LAS CRUCES:**

Taxation & Revenue Department  
2540 El Paseo, Bldg. # 2  
P.O. Box 607  
Las Cruces, NM 88004-0607  
Telephone: **575/524-6225**

**ALAMOGORDO 575/437-2322**

**SILVER CITY 575/388-4403**  
(above calls transfer to Las Cruces)

**ROSWELL:**

Taxation & Revenue Department  
400 North Pennsylvania, Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557  
Telephone: **575/624-6065**

**CARLSBAD 575/885-5616**

**CLOVIS 575/763-5515**

**HOBBS 575/393-0163**

(above calls transfer to Roswell)

**Main switchboard (Santa Fe): 505/827-0700**

New Mexico Taxation and Revenue Department

P.O Box 5557

Santa Fe, New Mexico 87502-5557

[www.tax.state.nm.us/](http://www.tax.state.nm.us/)

**INSTRUCTIONS FOR NONTAXABLE TRANSACTION CERTIFICATES**

**REQUIREMENTS:** All New Mexico sellers/lessors who wish to execute NTTCs are required to: 1) register with the Taxation and Revenue Department, 2) complete the Application for Nontaxable Transaction Certificates, and 3) be in compliance with the department. Sellers/lessors are in compliance with the department when: 1) all required returns have been filed; 2) they are not a delinquent taxpayer, and 3) their CRS business registration is complete.

**CAUTION:** Fraudulent statements made to obtain certificates, or fraudulent use of certificates received pursuant to this application with intent to evade or defeat the tax may subject the person or business to a fine of not more than ten thousand dollars (\$10,000) or imprisonment for not more than five (5) years or both. (Sections 7-1-72 NMSA 1978 and 7-1-73 NMSA 1978) In addition, misuse of these certificates may result in loss of the privilege to execute NTTCs for up to one (1) year. (Section 7-9-43 NMSA 1978)

**NTTC DESCRIPTIONS AND AUTHORIZED USES:** See reverse for complete descriptions of NTTC types.

- Type 2: for tangibles for resale, lease or re-lease, or for purchase by manufacturer
- Type 5: for services for resale, for export, or for services performed on manufactured products
- Type 6: for construction contractor's purchase of construction materials and construction services
- Type 9: for purchase of tangible personal property by New Mexico or United States governments, 501(c)(3) organization, or credit unions
- Type 15: for tangible personal property purchased by qualified federal contractors
- Type 16: for sales of property, services and leases to qualified film production companies, accredited foreign missions, and their accredited members
- Type OSB NTTCs are issued to registered New Mexico sellers/lessors to execute to Out-of-State Buyers who are not registered with the department, but who will resell tangible personal property outside of New Mexico

**OPTION #1**

**NTTC-NET:** The department has developed NTTC-NET, a paperless system on the web, to expedite the processing of Nontaxable Transaction Certificates (NTTCs). The department encourages all taxpayers to use NTTC-NET to apply for, execute, record, and request additional NTTCs online. If you know the seller's/lessor's CRS identification number to whom you wish to execute a NTTC, you may immediately execute the NTTC online. When the recipient's CRS identification number is known, there is no limit to executing NTTCs on NTTC-NET, but you may request up to five (5) NTTCs to be executed at a later date if the seller's/lessor's name and CRS identification number is not known. You must first record executed NTTC information before applying for additional NTTCs to be executed at a later date.

For instructions on how to use NTTC-NET, go to [www.tax.state.nm.us](http://www.tax.state.nm.us) and click on the NTTC-NET link. The benefits of using NTTC-NET are: 1) NTTCs are issued immediately; 2) you can print the NTTCs to your local printer; 3) you do not have to contact the department to process your order; 4) you can request or execute NTTCs twenty-four (24) hours a day, seven (7) days a week, and 5) you do not need to complete the application below.

**OPTION #2**

**IF YOU DO NOT HAVE ACCESS TO NTTC NET COMPLETE THE APPLICATION FORM BELOW:**

**HOW TO APPLY OR REORDER:** If you do not yet have the name and CRS identification number of the vendor to whom you wish to execute the NTTC, complete the application below, providing all information requested. Mail the application to the New Mexico Taxation and Revenue Department, P.O. Box 5557, Santa Fe, New Mexico 87502-5557, or you may deliver it to your local district office.

**NOTE:** You may reorder additional NTTCs ONLY after your executed NTTCs have been recorded with the department. To record your executed NTTCs, submit the Nontaxable Transaction Certificate Report or record them online. **The department will only issue a maximum of five (5) NTTCs to be executed at a later date**

**APPLICATION FOR NONTAXABLE TRANSACTION CERTIFICATES**

To be executed at a later date

(All information below must be completed)

**BUSINESS INFORMATION OF APPLICANT**

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Date: \_\_\_\_\_ Phone No: \_\_\_\_\_

Print Name: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

**NM CRS IDENTIFICATION NUMBER OF APPLICANT**

0 - - - - - - - - - - 00 - -

☐ New Application

**CONTRACTORS LICENSE  
NUMBER** (if applicable)

☐ Reorder

**Type of NTTC**

**Quantity Requested: 5 combined maximum**  
(circle number)

1 2 3 4 5

1 2 3 4 5

New Mexico Taxation and Revenue Department, PO Box 5557, Santa Fe, New Mexico 87502-5557



## NTTC TYPE DESCRIPTIONS <sup>1</sup>

**TYPE 2** certificates may be executed:

- 1) By manufacturers for the purchase of tangible personal property that will become an ingredient or component of the manufactured product. (7-9-46)
- 2) For the purchase of tangible personal property or licenses for resale either alone or in combination with other tangible personal property or licenses in the ordinary course of business. (7-9-47)
- 3) By a lessee for the lease of tangible personal property or licenses for subsequent lease in the ordinary course of business, except for the lease of furniture or appliances, the receipts from the rental or lease of which are deductible under Subsection C of Section 7-9-53, the lease of coin-operated machines, and for the purchase of manufactured homes as defined in Section 7-9-3(G). (7-9-50)
- 4) For the purchase of tangible personal property or licenses for subsequent lease in the ordinary course of business, except for the lease of furniture or appliances, the receipts from the rental or lease of which are deductible under Subsection C of Section 7-9-53; the lease of coin-operated machines, and for the purchase of manufactured homes as defined in Section 7-9-3(G). (7-9-49)
- 5) By a person who is licensed to practice medicine, osteopathic medicine, dentistry, podiatry, optometry, chiropractic or professional nursing for the purchase of prosthetic devices. (7-9-73)

**TYPE 5** certificates may be executed:

- 1) For the purchase of services for resale if the subsequent sale by the buyer is in the ordinary course of business **and** the subsequent sale of the service is subject to gross receipts tax or governmental gross receipts tax. (7-9-48)
- 2) By manufacturers for the purchase of services performed directly upon tangible personal property they are in the business of manufacturing or upon ingredient or component parts thereof. (7-9-75) Formerly Type 13.
- 3) For the purchase of aerospace services for resale if the subsequent sale by the buyer is in the ordinary course of business and the services are sold to a 501(c)(3) organization, other than a national laboratory, or to the United States (7-9-54.1)

**TYPE 6** certificates may be executed by a construction contractor to purchase:

- 1) Construction materials that will become ingredients or components of a construction project that is either subject to gross receipts tax upon completion or that takes place on Indian tribal territory. (7-9-51) Enter your contractor's

license number on the application or submit proof that such a number is not required.<sup>2</sup>

- 2) Construction services to be performed on a construction project that is either subject to gross receipts tax upon completion or that takes place on Indian tribal territory. (7-9-52) Enter your contractor's license number on the application or submit proof that such a number is not required.<sup>2</sup>

**TYPE 9** certificates may be executed for the purchase of tangible personal property only and may not be used for the purchase of services, for the lease of property or to purchase construction materials for use in construction projects (except as provided in #2 below). The following may execute Type 9 NTTCs:

- 1) Governmental agencies. (7-9-54)
- 2) 501(c)(3) organizations. (7-9-60) These organizations register with the Taxation and Revenue Department and submit proof of Internal Revenue Service 501(c)(3) nonprofit determination before they may execute Type 9 NTTCs. Those 501(c)(3) organizations that are organized for the purpose of providing homeownership opportunities to low-income families may purchase construction materials incorporated into these construction projects.
- 3) Federal or state-chartered credit unions. (7-9-54 and 7-9-61.2)
- 4) Indian tribes, nations or pueblos when purchasing tangible personal property for use on Indian reservations or pueblo grants. (7-9-54)

**TYPE 15** certificates may be executed by qualified federal contractors on a contract-by-contract basis. A copy of the federal contract is required. The Taxation and Revenue Department may contact you for additional information.

**TYPE 16** certificates may be executed by:

- 1) Qualified film production companies to purchase property, lease property or purchase services. A qualified production company must submit proof of registration with the New Mexico Film Division of the Economic Development Department. (7-9-86)
- 2) Accredited diplomats or missions for the purchase of property or services or the leasing of property. (7-9-89)

**TYPE NTTC-OSB** certificates may be executed by OUT-OF-STATE BUYERS for the purchase of tangible personal property that will be resold or become an ingredient or component of a manufactured product, or for services performed on a manufactured product. **Type NTTC-OSBs must be obtained by the seller.**

<sup>1</sup> Type 2, 5 and 5 certificates are also optional forms of documentation for other gross receipts tax deductions. For more information on the use of different types of NTTCs please see publication FYI-204: Nontaxable Transaction Certificates online at [http://www.tax.state.nm.us/trd\\_pubs.htm](http://www.tax.state.nm.us/trd_pubs.htm) or request it from your local district tax office.

<sup>2</sup> Proof that a construction contractor's license is not required includes a detailed written statement explaining the circumstances that exclude the contractor from the jurisdiction or application of New Mexico statutes which provide for construction contractor's licensing and regulation of construction activity.

# NONTAXABLE TRANSACTION CERTIFICATE REPORT

**NTTC NET:** The department has developed NTTC-NET, a paperless system online, to expedite the processing of Nontaxable Transaction Certificates (NTTC). The department encourages all taxpayers to use NTTC-NET to apply for, execute, record, and request additional NTTCs online at [www.tax.state.nm.us](http://www.tax.state.nm.us).

**IF YOU DO NOT HAVE ACCESS TO NTTC NET:** Complete this report and mail to the address above.

**NOTE:** You may reorder additional NTTCs **ONLY** after your executed NTTCs have been recorded with the department. To record your executed NTTCs, submit the Nontaxable Transaction Certificate Report or record them online.

**EXECUTED BY:**

**(Your business information)**

<b>Your NM CRSID#:</b> _____	<b>Telephone:</b> _____	<b>Contact Person:</b> (please print) _____		
Buyer/Lessee Name				
_____ Address	_____ City	_____ State	_____ Country	_____ Zip

**EXECUTED TO:**

**(Complete all fields below)**

Certificate		Seller/Lessor	
Number:	- - - - -	Name:	
Date Executed:	/ /	Address:	
Seller/Lessor New Mexico		City:	State:
CRS ID#:	0 - - - - - -00-		
FEIN / SSN / ID:		Country	Zip:
(only if Seller/Lessor Out-of-State)			

Certificate Number:	- - - - -	Seller/Lessor Name:	
Date Executed:	/ /	Address:	
Seller/Lessor New Mexico CRS ID#:	0 - - - - - -00-	City:	State:
FEIN / SSN / ID: (only if Seller/Lessor Out-of-State)		Country	Zip:

Certificate Number:	- - - - -	Seller/Lessor Name:	
Date Executed:	/ /	Address:	
Seller/Lessor New Mexico CRS ID#:	0 - - - - - -00-	City:	State:
FEIN / SSN / ID: (only if Seller/Lessor Out-of-State)		Country	Zip:

Certificate Number:	- - - - -	Seller/Lessor Name:	
Date Executed:	/ /	Address:	
Seller/Lessor New Mexico CRS ID#:	0 - - - - - -00-	City:	State:
FEIN / SSN / ID: (only if Seller/Lessor Out-of-State)		Country	Zip:

Certificate		Seller/Lessor	
Number:	- - - - -	Name:	
Date Executed:	/ /	Address:	
Seller/Lessor New Mexico		City:	State:
CRS ID#:	0 - - - - - -00-		
FEIN / SSN / ID:		Country	Zip:
(only if Seller/Lessor Out-of-State)			